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WHY KHADI AND VILLAGE INDUSTRIES?

Edited by
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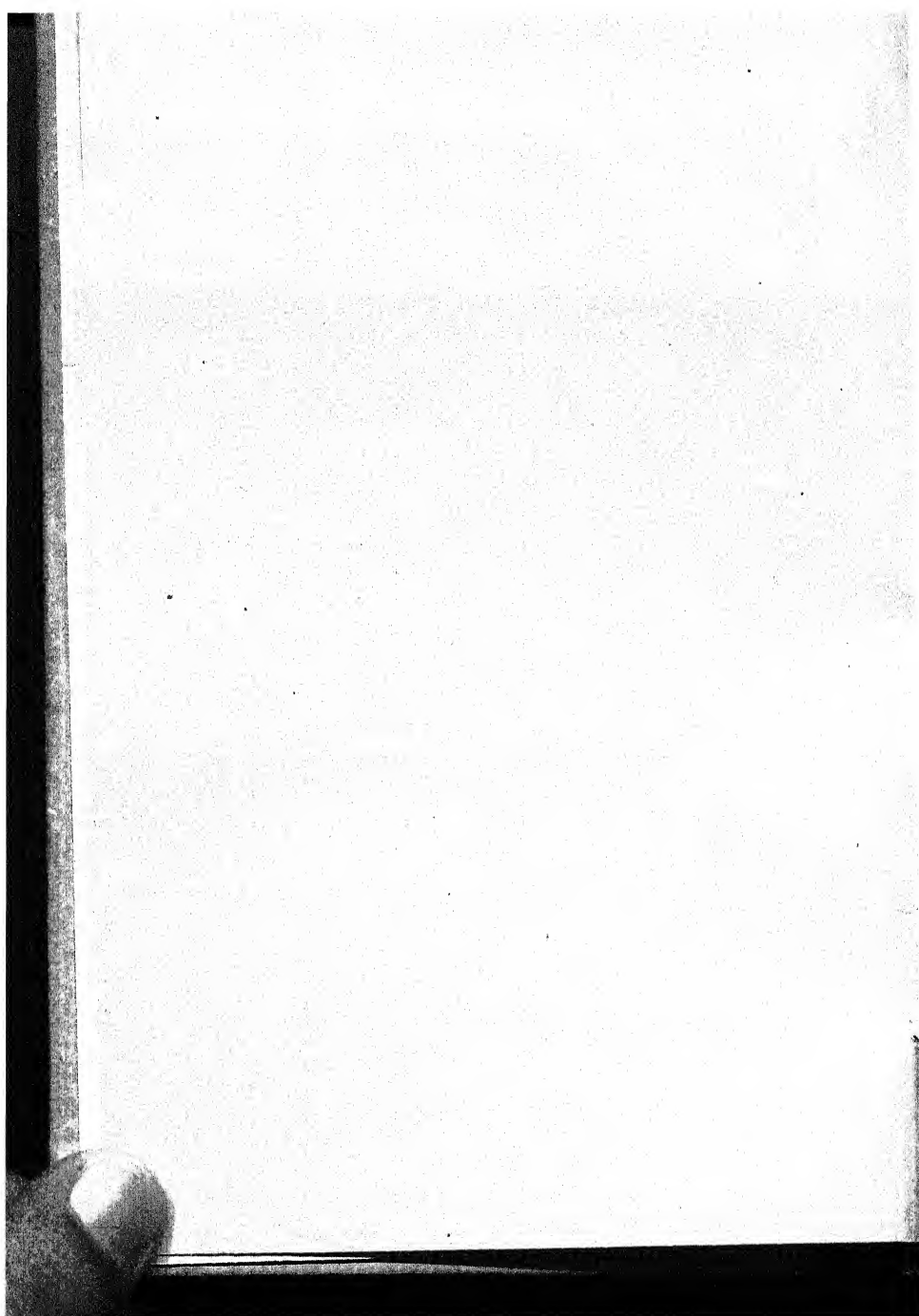
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PUBLISHER'S NOTE

This is mainly a collection of articles that appeared in the *Harijan* weeklies along with a few additions, so as to compile a statement on why and how Khadi and village industries hold a unique and marginal importance in our national economy. The collection was undertaken by its editor, Shri Vithaldas Kothari, with a view to having a simple statement on the subject in a book-form, so that it might be available not only to the general reader, but also to students who are reading in Khadi and Village Industries Institutions. These are now being started by the K. & V. I. Commission of the Government of India, in various parts of the country. These industries are also basic in the curricula of Basic Schools in India. They may well be part of the multi-purpose high schools which are being organized in India, under the Second Five Year Plan. The Government of India is training hundreds of its servants for its National Extension Service Programme. These are surely required to know about the why and how of these industries. The book is prepared with this long-range idea and need in view. It is a very humble beginning, no doubt. However, we hope it is a good beginning so far as it goes.

We are indebted to the Gujarat Vidyapith for permitting us to issue this compilation in English which originally was published by them in Gujarati.

12-10-57



EDITOR'S NOTE

In 1909 when Gandhiji first propounded the view, in a series of articles later brought out in a book-form under the title of *Hind Swaraj*, that even the mill-owners, lawyers and doctors should ply the charkha many dismissed it as no more than "the production of a fool" not to be taken serious notice of. Now after fifty years of experimentation with the prevailing economic systems which has conclusively proved their inefficiency there is a change in the atmosphere and the people are ready to give thought to his message. Yet in this age of industrialism there are still many who are unable to appreciate the value of the charkha, hand-mill and ghani, and continue to cherish the old dream of bettering the living standards by mass production of goods through machines without assuring work for all. This must have been the reason why in our First Five Year Plan a sum of Rs 30 crores only (i.e., 1.3% of the total outlay) was earmarked for the development of village and small-scale industries. But the experience showed that in spite of the huge sums having been spent on large-scale industries unemployment did not decline nor was there any rise in the living standards. Hence in the Second Five Year Plan greater emphasis has now been laid on the removal of unemployment and Rs 200 crores (i.e., 4.1 per cent of the total outlay) have been earmarked for village and small-scale industries. The sum is still inadequate looking to the importance of the purpose which it is intended to serve but it indicates the growing awareness on the part of planners of the vital role of the village industries in our economy. For a proper appraisal of this shift in the Government policy the inquisitive ought to know something of the scheme submitted by the Khadi and Village Industries

Board and the extent to which Government accepted it and incorporated it in their plan. With this end in view an effort has been made in the following pages to collect the relevant facts bearing on this subject. I thank the Khadi and Village Industries Board for their kind permission to reproduce this material from their various pamphlets in this book.

Most of the articles presented here were published from time to time in the columns of the *Harijan* weeklies during 1955-'56. Though written by different hands, they were all inspired by a unity of interest and outlook, i.e. faith in the village industries as the only effective solvent of the economic ills of India. My colleagues in the Vidyapith have made an important contribution to this task. And though their names are not being mentioned, I must say that the book represents the fruit of their joint labour. But being responsible for the editing of these articles in the present form any fault or errors, if any, are mine. I would request the readers to point out these errors whether of facts or presentation to me so that they may be corrected in the next edition.

I hope that the booklet will be found useful in understanding the purpose behind the campaign for Khadi and village industries and the programme for their development.

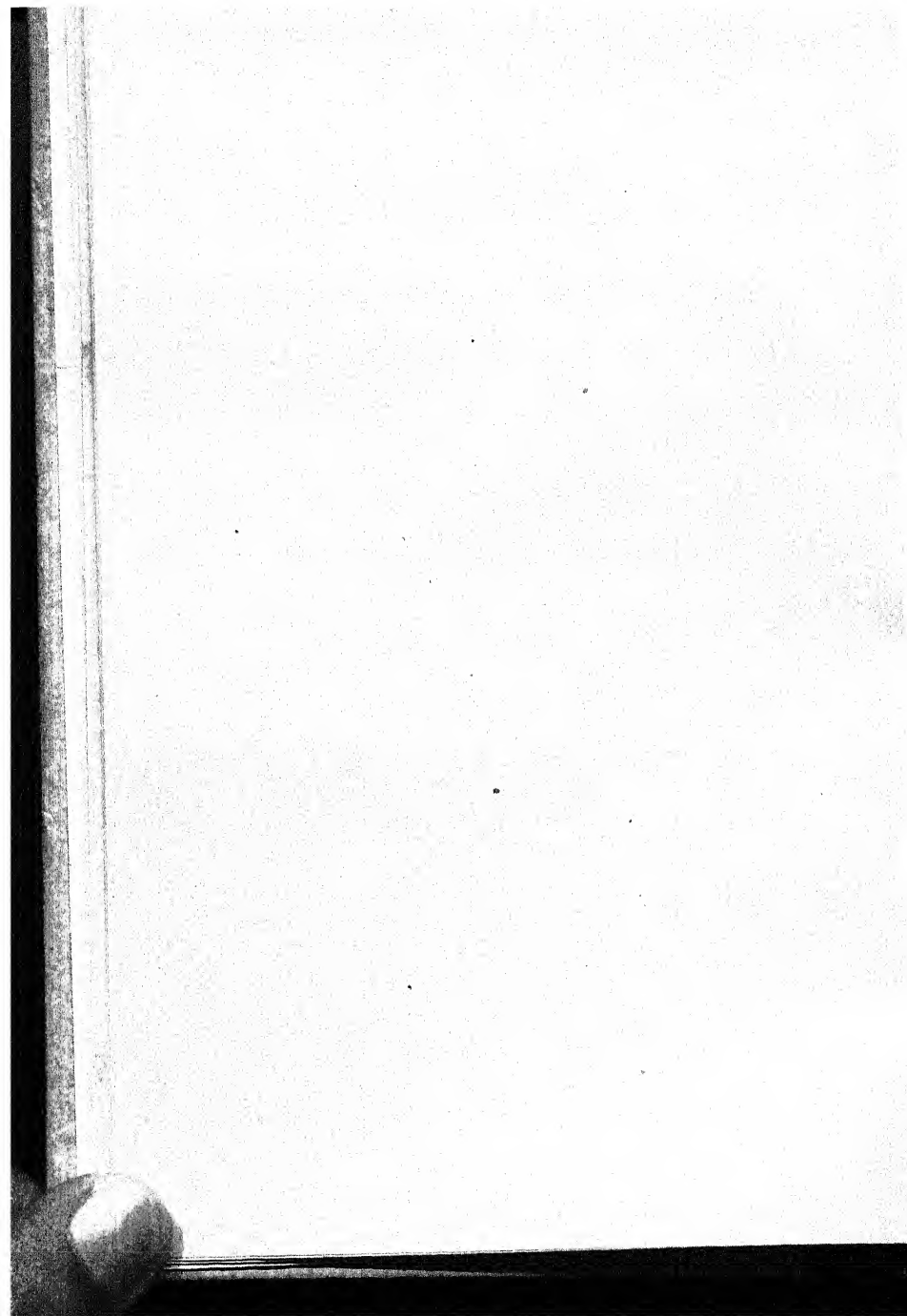
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WHY KHADI AND VILLAGE INDUSTRIES?



SECTION ONE

BACKGROUND OF THE PROBLEM

I

ECONOMICS OF KHADI AND VILLAGE INDUSTRIES

[Being the English version of Shri M. P. Desai's radio talk in Gujarati from the All-India Radio, Ahmedabad Station on 7-10-'55.]

As is well known, Gandhiji gave to Khadi and village industries the highest importance in any programme for the economic rebuilding of our nation. He regarded them as the sure panacea or, as he often said, the 'Ramaban' for our economic ills. It was in the course of his wanderings through the Indian villages and as a result of the contact with the vast mass of the abjectly poor and neglected humanity scattered among them that he came upon this discovery, that is, the value of the revival of our village industries for the uplift of the nation. Indeed he contended that this was the only way open to us to serve these suppressed millions and we could not hope to behold the dawn of true Swaraj unless this fundamental truth of our economy was realized and acted upon.

Another claim he made for these industries was that the eradication of our vast and chronic unemployment could be achieved only through these industries and not otherwise. This claim remains as true today as when it was made.

There is no limit to the extent of unemployment, open and disguised, existing in our country. Not even the most eminent statistician dares to give anything like a definite

figure for it. The Government themselves admit their inability to determine it definitely. The fact is that unemployment and semi-unemployment are like a thread running through the entire economic activity of the nation. How are the statisticians then to assess it? Efforts have recently been made to estimate its volume and find out its component types in the light of the data yielded by sample surveys of selected areas. These too support the long-known fact that unemployment is nothing less than a canker corroding the entire economy of India and unless we can root it out it must crumble down.

Therefore, there is no way out for us except that we face the menace and set about finding a remedy for it. Even the economists who were once inclined to look askance at Khadi and village industries have now come to realize that these only provide this remedy. As a result these industries have now been accorded an important place in the next Five Year Plan. What better proof could one want of the unique economic potentialities of Khadi and village industries !

Khadi and all other village industries are mainly hand industries, that is, the operations which they involve are to be performed by the hands with the help of suitable small tools. They do not need either big machines or power for driving those machines. Necessary raw material can be easily secured locally or from the neighbouring areas. They do not require for that any large amount of capital and their products answer to the needs of the local people, so that they have not got to be carried over long distances to remote cities.

Then, they are free from the usual evils of big industries, located in cities, such as the slums, filth and squalor and others. Because, these industries are essentially cottage industries. The equipment is simple and of a limited size and it can be easily installed in the home.

And the training or the technical skill required to work it is quite as simple and very interesting. The worker has enough scope for the exercise of his skill and inventive genius and consequently for the joy of creation. Its various operations provide full engagement to the body and mind. Therefore the dull monotony, fatigue and the boredom which are the inevitable lot of workers in the mechanized industries because one is required there to repeat any one process endlessly are avoided. In the home industries one works so to say of one's will without the irksome feeling of being forced to do it and proceeds along rhythmically so that he finds his labour wholly satisfying. Such work does not breed that artificial and in many cases anti-social appetite for sensational pleasures to which city-people in general and factory-labourers in particular are prey. The work in these industries is thus carried on in an atmosphere which is conducive to the promotion of the integrity of the community and the family. Needless to say, this is most valuable for the preservation and growth of our village-based culture.

Furthermore, Gandhiji found out another revolutionary use for these industries. He said and he demonstrated that they can be an effective medium of education if such of them as will suit for the purpose in this respect are taught to the boys in the school, in the manner which will enable them to learn to perform the job intelligently. This introduction of village industries as the media of instruction will have far-reaching educational, cultural and economic consequences. It will dispel the distaste and the contempt for physical labour — an evil which has penetrated deep into the present system of education; and it will enable us, at one bound, to put our system of education on the basis of the now universally accepted principle of education through productive activity. Vast numbers of boys producing vast quantities of useful things while they

learn in their schools will do good not only to our economic life but also initiate many desirable changes in all the other spheres of our life. The remarkable thing about it is that nothing but good will result from it.

How is it then, it will be asked, that the people do not take them up ?

And it is pointed out, as though in answer to the above, that products of the village industries are dear and not as nice in their appearance or durable in use as those of the machine industries.

For a full answer to these questions one would have to go into the economic and industrial history of India of the last two or three centuries. Obviously, that cannot be done here. Suffice it to say then that the products of village industries can certainly be made better and nicer. This is possible if the Swaraj Government take appropriate measures to create the proper conditions and produce the right economic atmosphere. The prices too can be brought down by necessary adjustments in the prevailing economic structure and by other devices. But the real difficulty lies elsewhere.

As everybody knows, almost all the necessities of life which were being produced through cottage industries came gradually to be usurped by machine industries using steam or electricity for driving power. This led on the one hand to large-scale rural unemployment and on the other to a habit in the consumers to prefer the machine-made goods. Such exploitation of unemployed labour force made it possible for the owners of big industries to offer their goods at lower prices. The process has further deepened since and today we find that it has evolved into a system of economics and politics which sustains such exploitation of weaker masses. This has not only resulted in the further accentuation of the unemployment position but also given

rise to numerous other sources of exploitation too subtle to perceive.

Strange to say, this new system of economics with its accent on industrialization is considered scientific and as such held in respect. The trend of things in the civilized world has been more and more in its direction. It has a hold on the mind of our moneyed and educated classes also. As for the masses, they follow the example set by the former.

Fortunately, however, the Government in our country has now realized that the evil of unemployment must needs be eradicated and the people enabled to achieve economic self-sufficiency. People must have enough of work opportunities so that everyone may earn his bread and be free from fear of want and hunger. The revival of village industries for the production of articles of every day use and the utilization of the limitless capital in the form of labour now lying unused offers the best and the only means for the achievement of this goal. There is one condition to be observed, however. Similar goods produced by the factories should not be allowed to compete with the goods produced by the village industries. This does not mean that the large-scale industrial units, big machines and factories will be put out of use. They can be used for producing big and small tools, steel, rolling stock, plant and machinery for railways, motor-cars, electrical goods and equipment etc., which the nation would continue to need to the necessary extent. Some of them may be owned by the State while others may be allowed to be owned by private industrialists.

Thus it will be noticed that in the industrial set-up now under construction in India, Khadi and village industries occupy a place of the highest national importance. They constitute the greatest single sector of industry in the country. Together with agriculture they produce about three-fourths of the national income and provide work to

as great a portion of our population. If these industries are therefore enabled to collect sufficient strength and to stand on their own feet we might be said to have nearly done difficult task of our industrial reconstruction. When successfully carried through this would be found, in its effect on the national life, to be no less than a great social revolution.

The second great sector is that of the State-owned heavy industries, which occupies at present the most prominent place in the Second Five Year Plan.

The third is that of private enterprise. Measures for its control and regulation in the interest of the nation are under consideration.

Thus having brought together the vast labour power, the capital being continually produced through our economic activities, and the financial resources of the State under a single plan we are now marching ahead, under the propitious conditions of Swaraj, to build up a new and glorious economic order for our land. Khadi and village industries are and ought to be in the forefront of this new order. They are the true national industries of India. Only by reviving and promoting these industries shall we be able to bring true economic independence to the millions of our countrymen and build a joint national family based on peace, harmony and love — an ideal dear to the heart of India.

PRINCIPLES OF NEW ECONOMIC POLICY

The Avadi Congress Directive

At its Avadi Session, the National Indian Congress declared as its objectives the establishment of a Welfare State and a socialistic pattern of economy. Towards its attainment it prescribed that the economic policy of the country should aim at plenty, equitable distribution and "progressively fuller employment so as to lead to full employment within a period of ten years". This threefold directive implies not a mere socialization of the means of production but a reorganization of the economic and social framework to ensure equitable distribution of national wealth through the provision of employment for all. The emphasis is, thus, on the establishment of an equalitarian society functioning largely within a co-operative economic framework.

Extent of Unemployment

This change in the emphasis became inevitable owing mainly to the rapid increase in the number of the unemployed in the country. Despite the attainment of the prescribed targets of agricultural and industrial production during 1951-54, increase in the employment opportunities in the country failed to keep pace with the increase in need. According to Shri C. D. Deshmukh, surveys of unemployment in various parts of the country initiated by the Planning Commission show that on an average 8 to 10 per cent of the employable population needed to be drawn into productive employment. While it was not possible to generalize from these figures and it was difficult to assess what proportion of the agricultural population could really be regarded as available for employment in other occupations, on a very rough guess, out of a total working force

of about 150 millions some 15 million people might be regarded as available for absorption in new lines. Together with the net annual addition of 1.8 millions to the labour force as a result of normal growth of population, the total number of jobs that have to be created during the next ten years to achieve the target of full employment was, according to him, 24 million jobs or 12 million jobs by the end of the Second Plan period.

Employment-potential of Village Industries

It is being increasingly realized that the provision of progressively fuller employment and the attainment of full employment in this country is possible only through the intensive development of village industries. The Planning Commission recognized the employment-potentialities of these industries and, with a view to creating appropriate operative conditions for a common production programme, suggested one or more of the following measures : (i) reservation of spheres of production, (ii) non-expansion of the capacity of a large-scale industry, (iii) imposition of a cess on a large-scale industry, (iv) arrangement for the supply of raw materials and (v) co-ordination for research, training etc., and constitution of a separate Board outside the official machinery to prepare and implement programmes of development for these industries.

Government's Mistaken Policy

The experience of the last two years, however, shows that these measures were neither wholly accepted nor vigorously implemented by Government to create the right operative conditions for the village industries. While Government did not always prevent the expansion of the capacity of large-scale industry and, except in the case of textiles, did not also reserve spheres of production in favour of the village industries, cesses and subsidies were

ineffective to eliminate competition between the various sections of an industry for they treat each other as antagonistic rather than as parts of a whole. In these circumstances, it was not possible to prepare or implement common production programmes to ensure the development of weaker village industries.

Common Production Programme and Common Price Policy

The urgency to create employment opportunities on a scale commensurate with the country's requirements, on the one hand, and the data of the 1951 Census, which shows that self-employment accounts for 72 per cent of all productive employment, on the other, emphasize the need to develop village industries. To exploit to the full their employment potentialities in the national interest, it is necessary to eliminate the prevailing competition between the different sections in an industry and to lay the foundations for the preparation of effective common production programmes. The implementation of such a programme, however, necessitates a related price structure, or a common price policy to eliminate competition between the goods of different sections of an industry and ensure differential returns to those that need them most. A common price policy, thus, equips each section of an industry with the essential means to contribute its assigned share to the common production programme, and hence facilitates an integrated development. To ensure such a socially significant and economically efficient development a common price policy is necessary to

- (i) eliminate competition between various sections of the industry,
- (ii) facilitate production in accordance with national needs,
- (iii) prepare the ground for progressive technical improvement of the backward sections of the industry, and

(iv) lay the foundations for equalization of wages in all sections of the industry.

Such a policy alone can provide the conditions in which the pattern of development initiated will, over a period of time and in an appropriate phased manner, bring about technological improvements and establish wage equality in all sections of a given industry, and ensure the attainment of the desired socialistic pattern of society and economy.

Harijan, 23-4-'55

III

BACKGROUND OF THE PROGRAMME

[Summary of the introduction of the A. I. K. & V. I. Board's Plan for Khadi and Village Industries.]

This programme for the development of Khadi and village industries is drawn up according to the basic principles, which were agreed upon by the planning wing of the Khadi and Village Industries Board and sanctioned by the Conference of the Board and the constructive workers held in November 1954. Their summary is as follows :

Out of the total labour strength of India, 71 per cent are self-employed workers and they supply a very large sector of the national income. Due to the utter neglect towards their social and economic importance and their productive capacity, and also the pressure from large-scale industries, conditions of their work, wages and life have remained very much unsatisfactory. A new social structure based on social and economic justice and guarantee of opportunities and equality of status, can only be built upon the economic system resting completely upon such self-employed and self-earning individuals and families. There is a great possibility of doing this specially in our country, because 71 per cent of the citizens are self-employed. So to provide them the situation, wherein they can work with ease and

to protect them from the competition from the large-scale industries, can alone be the necessary and possible national policy.

According to those principles the Constructive Workers' Conference resolved :

1. To recommend to the Government of India to accept as a base of the Second Five Year Plan and as a part of its policy the principle of economic development through self-employment.

2. To prepare plan to provide employment to all, by expanding the self-employment sector of the national economy.

3. To find out and utilize for liquidating unemployment all the potentialities of Khadi and Village Industries as they are most suitable for self-employment.

4. To provide necessary administrative, financial and technical help for this type of economic development, by providing capital to begin with, and by inventing and supplying improved tools through multi-purpose co-operatives.

5. To protect and strengthen the sector of self-employment for achieving full employment and ending exploitation, by providing separate spheres for various types of production or by controlling large-scale and heavy industries or by preventing the conflict between various sectors of economy.

Moreover, the Conference accepted the necessity of using electricity or some other mechanical power for improvement in tools of production, but recommended that before doing so, it should be ascertained that it does not reduce the level of employment and one individual or a group of them does not exploit the other.

All these recommendations mean that so far technically possible the units of production should be made up of an

individual, a family or a co-operative consisting of a group of families. From this point of view the Board has prepared the whole plan.

Decentralization

The whole structure of the plan shall be decentralized; because thus only the present tools, instruments, and skill can be utilized and the idle capacity in the field of self-employment can be fully harnessed. According to this policy all the processes, main and supplementary, of the production of consumers goods, shall be planned at individual or family level. While the production of various instruments and tools, supply of processed raw materials and production of some goods shall be arranged on large scale yet co-operative basis. Thus only, the modern and efficient tools and equipment can be supplied cheaply and the cost of production can be kept within proper limits.

Changes in the Methods of Production

In all these industries, the idea of improving various tools and equipment and sometimes introducing the entire process, has always been borne in mind, yet from all points of view its effect on employment has been emphasized more. Importance and peculiarities of improved technics is always in the context of a particular society. The basis of accepting a technic as 'improved' is whether it provides more employment and income or not. Again in introducing new technics of production, limitation of immediately available trained artisans and means also comes in the way; and that at least is true for the period of the Second Five Year Plan.

But there is no doubt that as larger and larger spheres of production shall be allotted to village industries, quality of the products and price shall have to be improved upon by efficient production.

Sections of Village Industries

For deciding the spheres of development village industries can be divided into two parts :

1. Those which are existing and whose common production programme with the large-scale industries is to be decided upon, such as Khadi and hand-spun and woven silk and woollen cloth, hand-pounding, oil-pressing, leather and shoe-making, soap-making, gur and *khandsari*, hand-made matchsticks and hand-paper.

2. Those industries which possess great potentialities of future development, such as palm-gur, bee-keeping and pottery.

For the first section the common production programme should be decided upon with the large-scale industries. At present, in the Plan of the Board it is recommended that all the increased demand above the level of 1954 should be met by village industries.

In the second section of the industries, palm-gur industry has been recommended specially with a view to be helpful in implementing the Directive Principles of the State Policy of the Indian Constitution and recommendations of the Prohibition Committee of introducing Prohibition in the whole country. This industry can remove the unemployment created by Prohibition. In the latter two industries it is aimed to provide better technics of production to assure full employment to those, who are already engaged in them.

Training of Personnel

It is obvious that the implementation of such a wide-spread programme necessitates creation of a personnel on a large scale and of all levels. To prepare such personnel, the Board has made the following suggestions :

To train supervisory personnel such as organizers, instructors and inspectors at central and regional *vidya-*

layas and to train artisans, already working in various industries, through production centres. The Board also provides for specialized institutions for intensive training and research in individual industries and the organization of peripatetic-cum-demonstration parties for reaching the artisans at their own places and teaching them improved technics. To keep the supervisory personnel, informed of the up-to-date developments in the industry and to provide for an exchange of ideas and experience between them, refresher courses are to be organized from time to time.

Organization

The whole of this programme and particularly the schedule of production is to be implemented by the Khadi and Village Industries Boards of the States in accordance with their respective size, concentration of a given industry in their respective areas and the availability of the administrative and organizational personnel.

The Central Board will mainly co-ordinate their efforts and will provide them financial and technical help and guide them wherever necessary.

Moreover the Central Board also proposes to co-operate with the Community Projects, for achieving the targets of production in each area. The Board may also allocate fixed quotas of production to 'Intensive Area Schemes' in certain areas for their all-round economic development and regional self-sufficiency.

Thus, the fulfilment of the development programmes and the targets of production shall rest upon the State Boards, State Governments and the Community Projects Administration, and the co-ordination of efforts, organization of research and training and, where necessary, limited programmes of production shall be the responsibility of the Central Board. So this will be the organizational set-up.

SECTION TWO

PROGRAMME OF THE A.I.K. & V.I. BOARD

1

COTTON TEXTILE INDUSTRY

Looking to the conditions of our country if we are to maintain the independence and dignity of our villages, they should be self-dependent about the necessities of life. Yet during the foreign rule this industry has developed quite differently and heavy centralization has occurred. Consequently a great village industry has been ruined and unemployment or underemployment has become widespread.

Presently the demand for cloth for consumption is 576 crores of yards and for export 80 crores. Out of this, mills produce 500 crores of yards and they employ 7 to 8 lakhs of persons.

So All-India Khadi & Village Industries Board has drawn a scheme of common production to be incorporated in the Second Five Year Plan, with a view to help in solving the great problem of unemployment and also to decentralize that industry.

The Board believes that in 1960-61, that is at the end of the Second Five Year Plan, internal consumption shall increase up to 720 crores of yards and the export to 100 crores of yards. So in all 820 crores of yards will have to be produced.

The Board has distributed this total production of 820 crore yards as follows :

Present production of 500 crores of yards of textile mills and 20 crores from power-looms should be continued. 133 crore yards, produced on hand-looms should be increased to 150 crore yards. And in addition production of Khadi which is 3 crore yards should be expanded in next five years to 150 crore yards.

To implement this programme the policy implications are as follows :

1. Increase in the present mill-weaving and production capacity should be stopped.
2. Prevention of the increase in the production capacity of the power-looms.
3. Prevention of the increase in the spinning capacity of the mills.
4. Utilization of the production capacity of the handloom up to 66 per cent, which presently is 33 per cent.
5. Introduction of 17 lakhs of Ambar Charkhas to meet the additional demand of 40 crore lbs. of yarn.

According to the Textile Inquiry Commission there are 21.9 lakh handlooms in the country and 52.15 lakh persons depend upon it. But the Board is of the opinion that there are at least 25 lakh handlooms and 57.5 lakh persons depend on it.

Again by producing 6 yards per day, and by working 300 days in a year, handlooms can totally produce 450 crore yards of cloth. But the Board believes that they presently produce only 133 crore yards, and due to attempts to develop it the production shall increase up to 150 crore yards. This way only 33.3 per cent of the production capacity can be utilized. Up to this point they will use mill-spun yarn.

A point worth noting is that the Textile Inquiry Commission has suggested establishment of spinning mills by investing 36 crore rupees for producing 40 crore lbs.

of yarn, necessary to utilize the 66 per cent production capacity of the handlooms.

Against this, the Board has drawn up a scheme to produce hand-spun yarn. For that it wants to introduce 17 lakh Ambar Charkhas in the country. The Charkha has four spindles and spins yarn from 12 to 40 counts. And the capital needed for it shall be 15.5 crore rupees only.

Through Ambar Charkha 34.4 lakh spinners and carders shall on an average get an income of a rupee per day.

During the Second Five Year Plan, the present Charkhas shall be continued and Ambar Charkhas shall be operated by professional and full-time spinners only. Gradually Ambar Charkha shall be introduced in the place of present Charkha. The production of Khadi produced out of the yarn of present Charkha shall be increased from 3 crore yards to 5 crore yards and shall be continued for next five years. Even after producing cloth on these lines, the question of sale still remains. Even after introducing Ambar Charkha there remains a difference of Re. 0-12-0 a yd. between price of mill cloth and Khadi of the same size and count. So if handloom cloth and Ambar Khadi are to stand in the free market the competition should be eliminated and proper price policy should be followed in the interest of the nation. In other words, the successful implementation of common production programme depends on the general price policy, controlling all the sectors of the textile industry. And the prices should be so fixed that the Khadi sells the cheapest and the mill cloth the dearest due to the levy of excise duty. To fix the prices, the Board has suggested to set up a price commission, which may be representative of various sections of the industry and which may take decisions after discussions and consultations.

The total expenditure for present Khadi and the Ambar Khadi, including even the training of the spinners and carders, is estimated to be Rs 51.73 crores. But it will provide full-time employment to 49 lakh persons. And if we include 40.1 lakh spinners on present Charkha, who spin 2 hanks per day and work 150 days in a year, totally 89 lakh persons shall get employment. At the same time there is a possibility of distribution of Rs 4000 millions between them.

Thus if the textile industry is developed on these new lines it will be easy to tackle the problem of unemployment and underemployment amongst the masses.

Harijan, 25-2-'56

II

WOOL INDUSTRY IN VILLAGES

Silken and woollen cloth comes next to cotton cloth in the consumption of cloth in our country. The woollen cloth is not much used in our country, on account of our temperate climate. However, it is used to a certain extent especially in cold season, from ancient times. Hence the woollen industry is very old. It was flourishing in villages and blankets, carpets, floor-rugs, *namadas* and shawls etc., were produced. Even today these are exported to foreign countries such as U.S.A. and U.K. But this industry like other village industries is losing its ground since the latter half of the last century, on account of the competition from the indigenous mills and imported fabrics. If this severe competition is stopped and if the industry is revived, it will give employment to certain people in villages. With this aim in view the A.-I. K. & V.I. Board has offered some suggestions for the Second Five Year Plan. The following is a summary of the same.

1. Our wool is of low quality, short-stapled and ungraded, and old techniques are used for different processes of hand-spinning, weaving and finishing. The yield of wool per sheep is also low. So provision for improvement of the quality of wool and technique, and further research in that direction should be undertaken and aided by Government.

2. 9 production centres, 2 central dyeing plants and 5 training centres should be opened and more and better production should be encouraged.

3. The imports of blankets and rugs, and mixed blankets should be banned and such production should be prohibited to the indigenous mills also.

4. The Government should purchase all Government requirement of blankets, blanketing cloth, *puttees*, and hunting cloth, for the defence and other personnel from the cottage sector, and appropriate relaxation of the present specifications for their purchase should be allowed.

5. A price preference of 18 $\frac{3}{4}$ per cent in Government purchase and a rebate of 3 annas in a rupee for all civilian consumption should be allowed.

The implementation of the above programme of encouragement, besides improving the technique of spinning and weaving, may provide full employment to 35,250 persons and training to 2,500 spinners and 250 weavers, at a total outlay of 452.84 lakhs, of which Rs 2.80 crores are for expenditure and 1.73 crores for recoverable loans. It will give better and fuller employment to 3 to 4 lakhs, who are wholly or partially engaged in that industry at present. It will also reduce the price of woollen cloth from Rs 8-13-0 per yard to Rs 6-11-0. This is no small gain at this much cost of development.

III

HAND-MADE PAPER INDUSTRY

Paper is an important necessity of the modern age. Day by day its use is increasing. Before the mechanized mills started the production it was made by hand, was of good quality, used to last long and remained unharmed from the effects of weather. Even today hand-made paper is used for account books and for important documents but the industry as a whole has come to a stop. If this industry is encouraged it can help to increase the production of paper and can also provide employment to many persons. These potentialities can be seen from the draft plan prepared by the Khadi and Village Industries Board, for incorporation in the Second Five Year Plan. In India 1.1 lbs. of paper is used per capita per year. In England and America it is from 150 to 250 lbs. We have only 18 per cent of literacy while there almost all are literate. So with the spread of literacy, it is certain that use of paper will increase.

Even if per capita consumption figures 10 lbs. per year, the whole country will require 1.5 million tons. Hand-made paper industry can substantially help to supply this requirement. Even if the school children are taught this handicraft, and if they work 2 hours a day in addition to their curricula, each can produce 10 lbs. of paper per year. The production can also be increased by starting factories of hand-made paper.

In India there are 18 large-scale paper mills, producing 1.5 lakh tons of paper per year. They employ 22,000 workers. There is little difference between their present production and their total production capacity. So there is little chance of increasing production through them. Hence for expansion we have to think along different lines. It can

be done by handicraft without starting new mechanized mills, and it can also help to solve the problem of unemployment. So A.-I. Khadi and Village Industries Board has drawn up a scheme for the development of this industry and its summary is as follows :

In 1953-54 consumption of paper was 1,90,400 tons and it will be 2,20,000 tons in 1960-61. To meet this demand, the Board has suggested the following common production programme :

At present we meet the demand from supply of 1,45,000 tons from the mills, 45,000 tons through import and 427 tons from cottage. In place of this, the Board has suggested that in 1960-61 mills may supply 1,70,000 tons, import may be reduced to 40,000 tons and 4,400 tons of paper should be produced by hand.

To do this (1) the import of the paper which can be made by hand will have to be completely stopped, (2) mills will have to be prohibited from producing papers of the blotting type and (3) the import from foreign countries will have to be restricted to 40,000 tons only.

For hand-made paper the Board has suggested the following programme :

1. To establish 80 production units employing 100 workers each on a co-operative basis or on the basis of a joint stock company with limited liabilities. They will produce 2,000 tons of paper ;

2. To establish 400 cottage units each comprising 2 to 4 families and employing about 10 persons. They can produce 2,000 tons at the rate of 5 tons each. And also to start 400 school units, which can produce 400 tons at the rate of 1 ton each.

Thus totally 4,400 tons of hand-made paper worth Rs 526.75 lakhs will be produced, and 12,000 additional persons will get employment.

To implement this plan, the Board suggests allotment of Rs 8 to 10 lakhs for the Central Organization, Rs 6.75 lakhs as an aid for training, Rs 28.96 lakhs for buildings, equipment, machinery etc., Rs 20 lakhs as loan for recurring capital to the production units, and also Rs 35.62 lakhs as subsidy to the hand-made paper, so that it can compete in the market.

Thus the total expenditure is estimated to be Rs 135.46 lakhs. If the plan is implemented in right spirit, there is a great scope for the development of this industry.

Harijan, 25-2-56

IV

THE POTENTIALITY OF GHANIS

The production of oil-seeds in the world is about 350 lakh tons. India stands seventh in the world in this connection, and it produces 11 lakh tons of edible oils. It comes to 0.3 oz. per head per day, while according to dietetics, it should be 2 oz. Hence it is necessary to increase the production of edible oils in our country. The use of edible oils should not, therefore, be allowed to be made for purposes other than dietary, and oil-seeds such as *neem*, *karanjia*, *maroti*, *dupa*, castor, *undi* etc., should be made use of for industrial purposes.

In India, 37.10 lakh tons of oil-seeds were crushed in 1953-54, of which 23.58 lakh tons (64%) were crushed in oil-mills and the rest 13.42 lakh tons — i.e. 36% by Ghanis. It is necessary to change this position of oil-production. The number of working Ghanis is decreasing gradually. In 1921 it was 5 lakhs, while it is only 2 lakhs, according to the Census of 1951. This shows that 3 lakh Ghanis have ceased working in 30 years. It has unemployed 3 lakh oil-men, while only 45,000 more labourers are employed in oil-mills.

There are 4,46,000 Ghanis in the country but about half of them are working. If the rest get sufficient oil-crushing work throughout the year, more oil will be produced. Oilmen will get work thereby and people will get good oil for diet. Keeping this in view, the A.-I. K. & V. I. Board has offered certain suggestions, for the encouragement of the village oil industry, in the next Five Year Plan, which are worthy of consideration. The following is a short summary of the same :

1. A ceiling should be placed on mill-crushing of oil-seeds at 26.68 lakh tons and no further expansion of capacity of production of the existing mills should be allowed. Nor should new licences be issued to set up new oil-mills.

- 2 Certain varieties of oil-seeds such as sesame, *niger*, *kardi*, and *neem* should be reserved for the Ghanis in areas where the mill-crushing is nil or negligible and mills should be encouraged to crush additional 10 lakh tons of cotton seed.

3. Soap-making should be restricted to non-edible oils.

4. The export of oil-seeds should be banned.

5. A cess on mill oil should be levied at Rs 1-4-0 per maund (Rs 35 per ton) to finance the development of the Ghani Oil Industry.

6. On an average, extraction of oil by the mills is about 40% of the seeds crushed as against 35 to 36% by the Ghanis. An improved Ghani, on the other hand, can extract on an average 40% of oil. So, over the five-year period 50,000 of the 4.46 lakh Ghanis should be replaced by improved or Wardha Ghanis, and 1,50,000 old Ghanis should be brought under the programme of financial assistance.

7. 400 Model Centres should be set up in various parts of the country.

8. 13 Training Centres should be established to train inspectors, *mistris* and *telis*.

9. Production subsidy at Rs 2-8-0 per maund should be given on oil produced by Ghanis.

10. Loans should be given through co-operative societies and registered institutions to assist the *telis* to buy improved Ghanis and maintain adequate stocks of oil-seeds and provide for the marketing of the oil.

11. *Telis* should be organized into co-operatives.

If the above steps are taken, 4,66,000 tons of oil and 8,54,000 tons of oil-cake will be produced by 1960-61. This will provide work to 2 lakh *telis*, at a cost of Rs 888 lakhs as current expenditure and Rs 950 lakhs as loans.

It is advisable to incur this much expenditure in order to provide work for village *telis*, in their own homes. It will, thereby, provide good edible oil to the village people and better oil-cake for their cattle.

Harijan, 25-2-'56

V

SOAP INDUSTRY

Soap or a similar article which helps us in keeping clean is considered among necessary wants of life. Hence our country ought to be self-sufficient with regard to the raw materials used in its manufacture.

In Europe 300 to 400 oz. of soap is used yearly per head. In India it is used much less — only about 12.5 oz. per head per year. People in villages keep themselves clean by using articles other than soap. Still however, the use of soap is on increase even in villages. Hence this industry ought to be stabilized. What should be done for that purpose ?

At present, 88,000 tons of soap is manufactured yearly in 55 big factories, and 45,000 tons in 3,000 to 4,000 small-scale and cottage units. It comes to 1,33,000 tons per year. It is necessary to increase its production.

The suggestions made by the A.-I. K. & V. I. Board, for the second Five Year Plan are worthy of consideration in this connection. The following is a summary of what they have suggested :

1. For the additional production of soap non-edible oil-seeds such as *neem*, *karanja*, *maroti*, *dupa*, castor and *undi*, should be used.

2. In accordance with the estimate made by the Panel of Oil and Soap Industry, about 120 lakh tons of non-edible oil-seeds can be collected from the whole country, and 9 lakh tons of oil can be crushed out of those seeds.

At present, it is proposed to collect only 6.75 lakh tons of such oil-seeds in the next five years, and 50,000 tons of oil can be got out of them.

3. Out of the above-mentioned 50,000 tons of oil, only 10,000 tons will be utilized in soap-making. The remaining 40,000 should be utilized in factories using edible oils.

4. For soap production 416 oil centres, 300 oil-cum-soap centres and 300 such oil-cum-soap centres in intensive development areas should be opened, and thereby 17,000 tons of soap should be produced in the next five years.

The implementation of the above programme will involve a total outlay of Rs 9.45 crores and provide full employment to 35,460 persons and seasonal employment to 9.64 lakh persons and distribute as wages Rs 18.99 crores over the period.

The following benefits will accrue as a result of this scheme :

1. Non-edible oil-seeds which were wasted up till now, will be made use of.
2. Edible oil used in soap-making will be diverted for human consumption.
3. About 10 lakh persons will be provided with full-time employment or seasonal employment.

This much gain can be had without touching the present factory production of soap. It is clear that if the whole industry is decentralized and run in small-scale cottage units, it can provide employment for many more. But at this stage of our industrial development, the A.-I. K. & V. I. Board has not gone so far.

Harijan, 12-11-'55

VI

COTTAGE MATCH INDUSTRY

Match is a household thing of everyday use, and it can be produced on a cottage industry basis. If it is encouraged like other such industries it can stand the competition in the market. But today match is produced mainly by big factories. To bring about a change in this situation the All-India Khadi & Village Industries Board has put forward some proposals for the Second Five Year Plan. Like the proposals regarding other such industries put forward by the Board these proposals are also noteworthy.

The Match Industry of India consists of large-scale mechanized, medium-scale semi-mechanized and small-scale non-mechanized units. On the basis of their capacity they are classified into A class with an output exceeding 5,00,000 gross boxes a year, into B class with an output

below 5,00,000 but above 30,000 gross boxes a year and into C class with an output not exceeding 30,000 a year.

The production of matches has been steadily rising. But the Wimco group dominates the domestic market. Owing to their financial and organizational resources and marketing skill, the Wimco group has been able to oust all other competitors from the market, with the result that the number of factories in the B and C groups of factories has steadily fallen from 116 and 108 respectively in 1950 to 88 and 94 respectively in 1953. The principal problem facing the smaller units in general and cottage units in particular is the marketing of their products against the monopolistic hold of the Wimco factories.

Proposals for the Second Five Year Plan

As the main objective of the Second Five Year Plan is to create maximum employment opportunities, the programme presented here envisages the establishment of a new class of factories, known as 'D' class, licensed to produce a maximum of 25 gross boxes per day and capable of employing about 40 persons each. For purposes of allocation of production to 'D' class factories, the daily production of a 'D' class factory is estimated at 15 gross a day, as actual production may not reach the licence limit of 25 gross a day.

Demand by 1960-61

The First Five Year Plan estimated consumption of matches to rise from 29.33 million gross boxes in 1950-51 to 35.30 million gross boxes by 1955-56. But the anticipated increase in demand did not materialize. During the period of Second Five Year Plan it is assumed that consumption would reach at least the First Five Year Plan's target of 35.30 million gross.

Allocation

Of the total output of 29.33 million gross boxes in 1954, 'A' and 'B' class factories between them accounted for 98.5%, while the 'C' class factories produced only 0.43 million gross boxes or 1.4%. As the number of 'C' class factories has been steadily falling and as the relative size of the incentives (rebate on excise duties) to 'D' class is larger, it is assumed that the operative 'C' class factories may reorganize themselves into 'D' class factories. The programme thus allocates the total estimated demand as follows :

A Class	{	21.18
B „		
C „		
D „		14.12
		<hr/>
		35.30
		<hr/>

The policy implications of this allocation of production are :

- (1) Reduction in the production of 'A' and 'B' class factories to 60% of the total demand.
- (2) The manufacture of 14.12 million gross boxes by the new 'D' class factories to meet the balance of 40% of demand.

Programme

During the year 1955-56 the Board proposes to set up 300 'D' class factories. During the Second Five Year Plan period the programme outlined below visualizes the establishment of another 3,000 'D' class factories at the rate of 600 factories each year. Thus by 1960-61 there will be 3,300 'D' class factories capable of producing 14.80 million gross boxes per year.

Investment

The cost of the basic and other equipment of a 'D' class factory with a daily output of 15 gross boxes is estimated at Rs 6,000. The capital requirements of 3,000 factories over the five year period works out at Rs 180 lakhs. As the existing rebates of excise duties in favour of these factories are sizable and as the costs of production relative to those of the larger factories are estimated to be lower with consequent increase in competitive marketability, it is expected that private enterprise and/or co-operative institutions may come forward with their own capital.

Of the total capital requirements, the Board proposes to advance Rs 75 lakhs to the 3,000 factories at the rate of Rs 1,000 grant and Rs 1,500 loan per factory towards the acquisition of capital equipment. Of the total expenditure of Rs 75 lakhs, Rs 45 lakhs will be thus recoverable.

Employment

It is computed that in the manufacture of 1 gross box of matches 1.5 persons can find full-time employment. On this basis a 15 gross factory can provide employment to 23 persons. The nature of match manufacture is such that a large number of processes such as frame filling, box making, labelling, packing etc., can be carried on in the houses of the workers themselves as subsidiary occupation. In other words, of the total employment of 23 persons in a 15 gross factory not more than 5 are required at the factory premises and the rest can work outside the factory side by side with their normal domestic duties. On the basis that a third of a day they devote to this work, the number of workers who can find part-time employment is (18×3) 54. Thus employment per 15 gross factory works out to 5 full-time workers and 54 part-time workers. The implementation of the programme outlined above can provide additional full-

time employment to 15,000 persons and part-time employment to 1,62,000 persons.

For the implementation of the programme the Board envisages to set up an organizational machinery the total expenditure on which is estimated at Rs 32 lakhs over the five year period. Moreover it is envisaged to provide training for this industry. The expenditure on this item will be about Rs 3 lakhs.

To meet the research requirements of the industry it is proposed to establish two research laboratories costing nearly Rs 2.5 lakhs.

To ensure prompt sales of the output of the 'D' class units 36 marketing depots will be set up. In addition it is proposed to assist co-operatives by way of loans to set up similar depots.

It is also proposed to provide for publicity and propaganda for popularizing matches made in cottages.

Thus the total expenditure on the whole plan is estimated at Rs 165.25 lakhs (63.30 lakhs non-recurring and 101.95 recurring) over the period of five years. To provide part or whole time employment to about 1.75 lakh persons at their own residence in the production of such a household thing with this much expenditure is quite desirable and proper.

Harijan, 26-11-'55

VII

HAND-POUNDING OF RICE

In an agricultural country like India rice is cultivated in 37% of land and also it covers 45% of the total cereals produced. It is the main item of diet of a very large section of the population. It provides 80% of the calories and also it stands high amongst the food crops providing more calories per unit.

Taking into consideration all these factors it is necessary to consider as to how much extensive, necessary and important the hand-pounding industry is! For that purpose the Indian Government appointed in October 1954 a committee for rice-milling industry.

This committee, after an extensive inquiry arrived at the following facts :

1. In India, according to the census taken in 1950 there are 1424 pounding mills registered according to the Factories Act. In it Rs 5.98 crores are invested. It is difficult to find out the number of small Huller type of machines as they are spread in the inner parts of the country. Such mills require machinery worth Rs 20 to 30 thousands and each of them unemploys 500 hand-pounders. Each Huller type of small machine unemploys 40 persons.

2. Presently in the country 65% of paddy is hand-pounded while remaining 35% is processed by the mills. From all the points of view there is no reason why this industry should be mechanized. On the contrary the facts reveal that it must work as a village industry.

3. A survey made by All-India Khadi and Village Industries Board clearly shows that in hand-pounding 3.8% more rice is recovered than the mill-pounding. This

criminal waste of the national wealth should be immediately stopped.

4. Rice contains protein, minerals and vitamin B etc. Vitamin B, is the most important content of the rice, which is destroyed due to mill-pounding and whose deficiency creates disease like Beriberi. To prevent this disease attempts are being made in Malaya and Phillippine to add this content artificially and externally. The Food Fortification Committee of the Indian Medical Research Committee has studied the whole problem and has come to the conclusion that there is no need of any such artificial addition as vitamin B is sufficiently preserved in hand-pounding, which can be easily resorted to.

The Inter-Government Conference of the Eastern countries held under the auspices of League of Nations has strongly recommended that under-processed rice (Hand-pounded) only should be supplied to all the Governmental institutions and attempts should be made to popularize it by propaganda and education.

America's Food and Nutrition Commission of the National Research Committee has suggested that trade in unpolished rice should be encouraged. FAO's nutrition committee has also suggested that in rice at least 1.3 Microgram Vitamin B, should be preserved. And the preservation depends upon the extent of pounding.

India Government's Food and Agriculture Department after consultations with the experts has decided that rice remains edible till 5% of husk is removed. Again the Health Bulletin No. 23 of the Government of India clearly shows that from the nutritional point of view the hand-pounded rice is better and superior.

5. The husk of the hand-pounded rice provides the ideal food for the husbandry; that of the mill-pounded rice is injurious to their health and invites many diseases.

6. Machines run by natural power have led us to centralization and class divisions, which has resulted into search of markets on the international scale, competition, imperialism and war.

7. According to a survey by the Labour Department of the Government of India 78.8% agriculturist labourers have no extra occupation.

And when we think in terms of full employment a very large section of the womenfolk in the villages should also be taken into account.

Hand-pounding is such industry which can cope with both of these needs.

Thus it is clear that from all points of view mill-pounding is in no way better and more useful than hand-pounding. Hence the question is how to develop it? Presently the rice pounded by the mills can be taken over by hand-pounding. But what steps should be taken for the same?

For that Rice-milling Committee has made the following recommendations and suggestions:

1. For hand-pounding the following implements are in vogue in the country:

Pestle & Mortar	Price Rs. 10	10 Mds. daily
Wooden Chakki	20	1 to 1½ Mds. per hour
Stone Chakki	40	2 to 2½ Mds. per hour
Clay Chakki	nothing	1½ Mds. daily
Dhenki	30 to 40	5 Mds. daily
Masulipattam Chakki	700	20 Mds. daily

From them the Board has selected Stone Chakki and Dhenki for popularizing them in the villages and to produce them on commercial basis.

2. No new mills should be given the licences and there should be no more expansion of the present productive

capacity of existing mills and also they should be asked to work only six hours a day. In the villages also the Huller machines attached to the water pumps should also be prohibited.

3. Mill-pounding can be allowed only for the rice to be exported, and that also should be done with the consent of and under the supervision of the Government. That too with the Sheller type of machines only and never with the Huller type.

4. Re. 0-6-0 cess should be imposed on every maund that is mill-pounded and the amount collected should be utilized for research in and subsidy to the hand-pounding industry. Present subsidy of Re. 0-6-0 per maund should be increased to Re. 0-8-0, and should be distributed through recognized co-operative centres.

Hand-pounded rice should be exempted from sales tax and the Government should insist on its use in all its departments.

5. The State Governments should take steps to organize this industry, so that it can replace the mills in the shortest period. They should draw plans for the next five years for organizing this industry on the co-operative basis with this view to provide more employment in the villages, and every year they should review the previous year's achievements.

6. The nutritional value, the employment potentialities of hand-pounding and the proper method of cooking rice should very much be propagated in the various development blocks and social welfare areas, with the help of so many institutions and resources.

To implement these recommendations the Khadi and Village Industries Board has suggested the following programme, for incorporation in the Second Five Year Plan.

1. 14 million tons of rice which are presently mill-pounded should be handed to hand-pounding before 1960-61.

2. Rs 10-8-0 cess should be charged per ton of rice pounded in the mill. Due to difficulties in the collection of cess, even if we calculate cess on 10 million tons only out of a total of 14 millions Rs 31.5 crores can be collected during the plan period.

3. To distribute 1.7 lakh Chakkis and 8 lakh Dhenkis to the hand-pounders, with the subsidy of 75% in the price, for which 3.47 crores of rupees shall be expended.

Again per ton Rs 14 or per *pacca* maund Re. 0-8-0 should be given as subsidy, which will cost Rs 23.55 crores. Thus the total subsidy shall be Rs 27 crores.

4. Even then the surplus of Rs 4.5 crores shall be utilized for organizational work and training of workers. And it can also be used for giving 25% loans for buying improved implements.

5. During the last year of the plan at the rate of Re. 1 per *pacca* maund 24.5 lakh persons shall get work for 151 days during the year. And Rs 57.4 crores shall be distributed as wages. 3,000 persons shall also be employed in manufacturing the various implements.

If with full faith this programme is implemented it will be a great help to mitigate the problem of unemployment and also the waste of national wealth by the mill-pounding.

Harijan, 17-12-55

DEVELOPMENT OF VILLAGE LEATHER INDUSTRY

India possesses the largest number of livestock in the world. So naturally leather industry is also one of the widespread village industries. Even today 80% of tanning and 90% of footwear manufacturing is done by hand. At present, the supply of leather mainly depends upon the number of naturally dying livestock. The number of those slaughtered is a very small one. Again carcasses of the livestock are not available at proper time due to the legal, social and economic hindrances. Consequently good leather is lost and the nation annually suffers the loss of Rs 10 crores. Again due to imperfect technics and methods vogue in the industry, those employed in it, do not get proper remuneration and their economic condition is precarious.

Machine has also entered this industry. In our country 24 large-scale and mechanized, 500 large-scale yet man-powered and 250 small-scale yet mechanized tanning factories are working and they totally employ 35,650 persons. The very work is done by indigenous tanners in the villages and it is estimated that they are approximately 54,000, exclusive of the unpaid family assistants. The supplementary footwear manufacturing industry has 12 large-scale factories and those on small-scale are numerous. In 1954, 9.04 crore pairs of footwear were manufactured, out of which 54 lakhs i.e., 5.9% came from large-scale units and the rest i.e., 94% from small units and villages. According to 1951 Census this industry employs 4,01,672 artisans.

For the development of this industry the following matters should be attended to :

1. timely recovery of carcasses and full utilization of all their by-products,

2. tanning of hides and skins, by improved methods under properly trained instructors,
3. provision of adequate training facilities at selected centres to improve the quality of their output, and
4. systematized and planned aid to the artisans in this industry.

In order to develop this industry the present competition of the large-scale units should be stopped and for doing so it is necessary to formulate a common production programme. But before that, we should estimate the future demand of hides and skins and their products.

In 1954, internal demand was 108.5 lakh hides and 42.5 lakh skins and 26 lakh tanned hides and 60 lakh raw skins were exported. During the Second Five Year Plan the use of footwear will increase from 1 pair among 5 persons in villages and 1 pair among 2 persons in the cities on an average, to 2 pairs among 9 persons and 3 pairs among 5 persons respectively, i.e., the requirement shall increase by 20%. Due to improvement in the quality of hides, the export trade will also increase. Thus totally 176.4 lakh hides and 132.4 lakh skins will be demanded. At the same time at the annual rate of 2% the population of livestock will increase to 3,412 lakhs. So in 1961, 290 lakh hides and 469 lakh skins will be available.

Now the common production programme needs to be formulated. The Board has suggested it as follows :

1. Production capacity of the mechanized tanneries should not be allowed to increase above 1954 level.
2. The tanning of 60 lakh hides and 70 lakh skins should be allotted to village industry's sector.
3. Allotment of 40 lakh skins to large-scale mechanized units and 10 lakh skins to the small-scale mechanized units.

4. Fixation of the annual export quota of the raw skins and progressive reduction in it.

5. Preservation of the tanning materials available from the forests and to encourage special cultivation of them as in Madras and U.P.

6. Legislation to remove existing difficulties in lifting carcasses and prevent branding, goading and other similar practices that damage hides and skins.

7. Reservation of all additional requirements of footwear to the village and small-scale sector.

8. Assistance to the village artisan to obtain raw materials and to market his products.

For the development of this industry during the Second Five Year Plan the Board has proposed to establish 3,000 carcass recovery centres, 300 tanning centres, 75 glue-manufacturing centres and to train 30,000 cobblers. It is also envisaged to start 4 carcass recovery training centres, 20 tanning training centres, 80 peripateting parties and 50 sales depots.

To set up this organization Rs 314.1 lakhs will be expended. Moreover to encourage the industry it is also proposed to spend Rs 154.95 lakhs as grants and aids and Rs 154.85 lakhs as recurring capital to all these centres.

The whole plan will cost Rs 5.4 crores; but on the other side 38,250 more persons will be employed and products worth Rs 642.8 lakhs will be manufactured.

As this basic industry is primarily connected with dairying, it must be given consideration from the above point of view. It will help both ways; by preventing the waste of national wealth and by producing the new wealth. The new employment provided to the people in their own homes will be an additional advantage.

IX

BEE-KEEPING AS HOME INDUSTRY

Increasing population of the country requires more and more food and so more should be produced on the existing land or more land should be brought under cultivation. But the latter is not possible to an unlimited extent, so whatever can be produced without making use of land has special significance. From this point of view, fishery and bee-keeping industries have special importance for mankind. Both of these industries supply food for human consumption, without making use of land. Bee-keeping has additional significance in that it supplies nutritious food in a non-violent way. It does not require any special training and not much capital. It can be undertaken as a supplementary industry along with the main industry and honey can be produced. Moreover, agriculture will be benefited through cross-pollination by bees.

Bee-keeping is an old industry. But the old method was unclean and violent, while the modern method is clean and non-violent, which should be propagated. It would give additional income to the cultivators who can do it in their leisure hours in their homes. With this aim in view, the A.-I. K. & V. I. Board has offered some suggestions for the next Five Year Plan. At present, $2\frac{1}{2}$ lakh lbs. of honey is produced in the country from 27,313 bee-hives, by modern method. This production comes to 9.15 lbs. per hive. In U.S.A. this average comes to 20 to 40 lbs. per hive. 30 crore lbs. of honey is produced from 80 lakh hives in that country.

If encouragement is given to this home industry in the next five years, by providing facilities for buying equipment and by opening training centres etc. 5 crore lbs. of honey can be produced in 50 lakh bee-colonies by 5 lakh

families. This would add to the income of the people, and help agriculture to become self-supporting, and also give to the people good nutritious food.

A trained bee-keeper can nurse 10 to 15 hives and earn Rs 200 to Rs 300 per year thereby. He has only to devote to that work 2 hours daily in the season for 3 months and ordinarily 1 hour daily for the rest of the year.

This would give full-time work to 10,000 carpenters, smiths and other artisans, over and above part-time work to 5 lakh families.

If any one desires to undertake this work as a full-time job, he can nurse 75 hives, and earn yearly about Rs 1,500/- after getting himself trained for three months.

It is estimated that Rs 72 lakhs will have to be spent in the next five years — and it ought to be spent — for the development and encouragement of this home industry, which bears special significance from the national point of view.

Harijan, 7-1-56

X

GUR AND KHANDSARI INDUSTRY

The Gur and Khandsari industry has a place of pride in the agricultural economy of our country. Standing next to agriculture and animal husbandry, it is directly responsible for sustaining a large number of our agricultural workers together with their carts and oxen for a considerable period of the year. Out of the total production of 47 lakh tons of sugar-cane, 60% is used by this industry and it produces about 32 lakh tons of gur. Thus as a sweetening agent it contributes substantially to our national economy. Also, as a cheap substitute for sugar, it caters to the needs of

poor classes. Hence it has a ready market of its own. Being a decentralized industry there is no question of its competition with the organized sugar industry. If a bold policy for its balanced growth is envisaged and a market is prepared by propagating its nutritive value, it can strengthen the basis of our national economy.

India occupies a pre-eminent position among the sugar producing countries of the world. According to 1951 Census Returns, there are 5.19 lakh *kolthus* employing about 10 lakh persons and 5 lakh bullocks. Highly unstable market, age-old worn-out implements, poor technique and efficiency and lack of proper storage facilities and marketing organization are the main impediments in the smooth development of this industry. Because of poor technique, only 50 to 55% of the sugar-cane juice is extracted; and gur produced out of this is also qualitatively poor. According to one estimate this industry incurs a heavy loss every year amounting to Rs 60 crores due to lack of storage facilities and marketing organization.

The *khandsari* industry is not an industry in itself but a constituent of gur industry. Only some additional process is involved in its manufacture.

Our country's total consumption of sweetening agents per head per annum amounts to 26 seers, out of which 16 seers are supplied by gur and the remaining 10 seers by sugar industry. According to an estimate of the Sugar Development Committee our demand for sugar was 15 lakh tons in 1954-55 which would become 22.5 lakh tons in 1960-61. There are about 160 big factories in our country. They can produce 16 lakh tons of sugar even if they are worked to maximum capacity. Hence it is advocated that the remaining demand of 7 lakh tons should be met by *khandsari*. There is no necessity of building up big plants.

The allocations of production for various sectors should be as under : Sugar 15.5 lakh tons, *khandsari* 7.5 lakh tons and gur 31 lakh tons as against 1954-55 figures which were : sugar 15 lakh tons, *khandsari* one lakh ton and gur 31 lakh tons. The following programme should be implemented to solve the problem.

1. Imports of sugar should be banned.
2. Prohibition of establishing new sugar factories or increasing the productive capacity of existing plants.
3. The additional demand for sugar should be satisfied by gur and *khandsari*.
4. Additional sugar-cane available for crushing should be reserved for Gramodyog sector.
5. Our government should encourage free export of gur and *khandsari* to countries wherever there is sizable Indian population and explore the possibilities of new markets.

To implement this scheme, following steps are suggested for gur industry.

1. 41 Production centres should be started in sugar-cane growing producing regions.
2. 215 Co-operative societies should be organized which should provide modern implements and should help in the marketing of gur and allied products.
3. Modern implements should be manufactured and distributed to sugar-cane producing regions.
4. Provision should be made to provide training for workers.
5. Adequate storage facilities and marketing organizations should be provided.

The programme envisages replacement of 1,58,000 *kolhus* by equal number of improved ones. With their help, 65 to 68% of juice can be extracted. The introduction

of improved kolhus, pans and other gur manufacturing implements such as percolators, moulds, juice strainers, etc., construction of improved furnaces, use of cheap and efficient clarifying agents and improvement in the juice boiling technique are some of the measures that would bring about necessary improvements in the gur industry. Similar programme is contemplated to increase production in *khandsari* industry.

It is estimated to invest Rs. 16.03 crores after these measures. As the conditions of workers engaged in this industry are deplorably poor, it is proposed to provide loans and subsidies on 50-50 basis.

By implementing this programme 20.09 lakh tons of gur valued at Rs. 58.55 crores, 7.5 lakh tons of *khandsari* valued at Rs. 52.5 crores and 5.59 lakh tons of alcohol valued at Rs. 7.83 crores would be produced. Consequently, 6.32 lakh persons in gur industry, one lakh persons in *khandsari* industry and 53,000 persons in transportation will get employment, amongst whom Rs. 24.86 crores would be distributed as wages. Moreover, more persons will be trained in this industry.

For executing this scheme Rs. 8.76 crores will be spent as loans, Rs. 8.76 crores will be spent as subsidies and Rs. 1.54 crores will be spent on organizational set-up. Hence the total expenditure will be Rs. 19.44 crores. Our country will then have a satisfaction of laying a solid foundation-stone of one of the most important agricultural ancillary industries. About 8 lakh persons will be employed and to that extent it will achieve proper distribution of national income. Moreover our much neglected carts and bullocks will get additional employment.

From Gujarati,

Harijanbandhu, 4-2-'56

XI

THE PALM-GUR INDUSTRY

The Palm-gur industry is an industry of special importance for our country. The reasons are as follows :

1. It is possible to produce gur and sugar out of palm-juice. Thus it provides seasonal employment. Palm-leaves can be utilized for producing various articles and that industry can provide perennial employment.

2. The increasing demand for sugar resulting from increasing population can be met by sugar produced out of palm-juice. Hence land utilized for sugar-cane cultivation can be utilized for other purposes.

3. The systematic cultivation of palm-trees prevents soil-erosion. It also supplies cheap material for house-building.

4. It helps to implement constitutional mandate for Prohibition. It also provides alternative employment opportunities to Tarwadas who became unemployed due to Prohibition.

In order to develop this industry the Khadi & Village Industries Board has suggested the following programme :

Our country possesses 12 crores of palm trees, out of which 5 crores can be utilized for palm-juice production. It is planned to tap 87.6 lakh more palm trees. In order to produce palm-gur and sugar out of these trees, it is planned to start 2,000 demonstration-cum-production centres, 80 intensive production centres, and 10 big and 20 small production centres. The targeted production of palm-gur is 53.2 lakh maunds as against 10 lakh maunds in 1953. Sugar production may increase by 7.28 lakh maunds. And Rs. 9.31 crores worth of goods can be produced out of palm

leaves which have various economic uses. Also, this industry would provide employment to 3,81,266 persons. According to one estimate, this industry provides employment to 2,43,600 persons at present, which means that 1,37,666 persons will get additional employment. It is also worth noting that Rs. 18.15 crores will be distributed as wages amongst them. Hence the Tarwadas engaged in this industry will get Rs. 682 per head per annum instead of Rs. 382 at present.

It has been recommended that a subsidy of Rs. 2-8-0 per maund should be given to the consumers of palm-gur and sugar, in order to encourage its consumption. The total sum to be spent for this purpose will amount to Rs. 465.6 lakhs (Rs. 409 lakhs for palm-gur and Rs. 56.6 lakhs for palm-sugar). In all, provision will have to be made for spending Rs. 15.29 crores for various purposes like subsidy to purchase implements, price concession, current loans, and for research and training.

In order to implement this plan, following steps will have to be taken :

1. Prohibition on utilizing palm-trees for Toddy production within a radius of 5 miles of *nira* or palm-gur production centre.
2. All production centres should be supplied with subsidized palm-trees on nominal rent by Central and State Governments. Moreover rental charges for private palm-trees should also be clearly specified.
3. The quantum of palm-trees available for auction sale should be determined after considering the requirements of this country.
4. Sugar produced out of palm, coconut or *khajuri* juice should be progressively exempted from excise duties.
5. Palm-gur should be given first preference for Government purchases and a price subsidy to the extent of 25% should be provided.

6. All production centres should be supplied with cheap fuel from Government forests.

7. Permits for palm-gur production should be given freely.

8. Prohibition areas should be extended during the second plan period.

Thus the palm-gur industry can achieve triple aims viz., it can divert human forces engaged in anti-social activities like drinking etc., by canalizing their energies towards constructive purposes, it can strengthen our economic structure by developing the much neglected small-scale industry and by that it can open new avenues of employment.

From Gujarati,

Harijanbandhu, 28-1-'56

XII

VILLAGE POTTERY

According to 1951 Census, there are about 3,60,000 potters or clay-workers. They prepare earthen utensils for village requirements such as cooking, water storage, grain-storage etc. There are also 1,25,000 persons engaged in preparing bricks, tiles, pipes and other building material.

Increased use of metalware, mechanized production of earthen articles and change in the tastes of the people, have contributed to the decline of this industry. In the field of production also, it has suffered a lot due to lack of organization, training and marketing facilities. To save this hereditary occupation of the potters from complete destruction, it is absolutely necessary to improve their tools and technics of production and give them various types of aid and relief.

This industry was accepted in the list of village industries in 1954. During that very year the Central Organization was started for preparing a programme for its development and its implementation. A training centre was also started at Khanpur of Belgaum District and in the first year 40 students were trained. Work is in full swing in three model-making centres. It was also arranged to give them 50% aid to buy improved tools.

During the Second Five Year Plan, development programme has been drawn up for the industry.

Accordingly, a Central Organization will continue to function and a sum of Rs. 1,24,200 is proposed under this head. One training-cum-research institute and 5 regional training centres will be opened. They will train 1,040 persons and will cost Rs. 2,67,550 and 2,22,160 respectively. At the expense of Rs. 79,200 five model-making centres will be started. Rs. 2,25,200 will be spent for demonstration squads, Rs. 50,000 for propaganda, Rs. 3,75,000 for giving aid of 50% in purchasing various tools and implements and Rs. 1,00,000 as loans. Thus the whole scheme will require Rs. 14,50,560.

As a result, 4,000 potters will get full-time and 4,000 will get half-time employment. Totally 6,000 persons will get full-time employment. Even if work cannot be carried on during the monsoon, working for remaining 225 days, can be considered as full-time employment. The figures given above include only those artisans who will use new and improved implements under the plan.

Due to this scheme, there will be an increase of 33 1/3% in the income of the potters' families, above the present level.

SECTION THREE

PROGRAMME OF THE INDIAN GOVERNMENT

I

RECOMMENDATIONS OF THE PLANNING COMMISSION

[Abridged from Chapter 20 on 'Village and Small Industries'
of the Second Five Year Plan.]

Outlay on Village and Small Industries

	First Plan (1951-56)	Second Plan (1956-61)
	Rs. in crores	
Handloom	11.1	59.5
Khadi	8.4	16.7
Village Industries	4.1	38.8
Small-scale Industries	5.2	55.0
Handicrafts	1.0	9.0
Silk and Sericulture	1.3	5.0
Coir	0.1	1.0
	31.2	185.0
Administration, Research etc.		15.0
		Total... 200.0

The outlay of Rs. 200 crores does not include any specific provision for the Ambar Charkha programme which will be considered further after tests now in progress have been completed. The provision for working capital required for the development of the various village and small industries will be made by Government in the initial years of

the plan period, that is until adequate arrangements for the supply of working capital through normal banking and institutional channels become available. The provision for working capital will be in addition to the plan provision of Rs. 200 crores. The Boards concerned with the development of various village and small industries as well as State Governments will estimate their requirements of working capital for the first two or three years of the plan period and indicate them separately when working out detailed programmes for these industries. The All-India Khadi and Village Industries Board have estimated their requirements of working capital for the entire plan period at about Rs. 28.5 crores of which about Rs. 7 crores is for Khadi and the balance for village industries. It is envisaged that as early as possible the bulk of the working capital needed should come from co-operative and other banking agencies.

The outlay of Rs. 200 crores provided in the plan will cover the cost of schemes to be implemented directly by the Centre, Central assistance for the State schemes, States' contribution for the centrally assisted schemes and any expenditure which States may incur from their own resources on schemes which are not centrally assisted. Besides this provision, in the programme for the rehabilitation of displaced persons, Rs. 11 crores have been provided for cottage and medium industries and industrial loans and Rs. 7 crores for vocational and technical training. Programmes for the welfare of backward classes also have some provision for vocational and technical training, and for selected village and small industries. In the programme budget of community development blocks also there is provision to the extent of Rs. 1.5 lakhs in each block.

Part of the programme for village and small industries will be implemented directly by the Central Ministries or by All-India Boards functioning under their aegis. The

remaining programmes will be implemented by States on the advice of the Ministries and the Boards. The following allocations represent the tentative cost of the schemes to be implemented centrally and by the States :

**Expenditure on Village and Small Industries in the
Second Plan**

	Centre	States
	(Rs. crores)	
Handloom	1.5	58.0
Khadi & Village Industries	4.0	51.5
Handicrafts	3.0	6.0
Small scale industries	10.0	45.0
Sericulture	0.2	4.8
Coir spinning and weaving	0.3	0.7
General schemes	6.0	9.0
	<hr/> 25.0	<hr/> 175.0

The great majority of the schemes will be implemented by the State Governments or in the case of Khadi and village industries by State Boards and registered institutions functioning in the States. The schemes to be centrally implemented will be generally those which are of an All-India character and can best be undertaken by the Centre. These schemes relate to such aspects as the provision for central organizations, publicity, training and research, exhibitions and fairs, hire-purchase of machinery and the work of special institutions like the National Small Industries Corporation. These schemes are explained later in this chapter.

In the revised plans of States the total allocation made for village and small industries is about Rs. 120 crores. In due course these allocations will be revised so as to accord more closely with the pattern of distribution visualized in

the Village and Small Scale Industries Committee's Report. The Central Ministries and the all-India Boards have also worked out tentative distribution between States of the allocations proposed for industries with which they are concerned. The 'general schemes' for which a provision of Rs. 15 crores has been made relate to more than one industry or to groups of industries, such as production-cum-training centres, research institutions and emporia and sales depots. A sum of Rs. 6 crores out of the provision of Rs. 15 crores has been earmarked for the general schemes of the All-India Khadi and Village Industries Board, including those pertaining to intensive area development, training programmes and technical research. A sum of Rs. 3 crores has been allotted for strengthening staffs of State Industries Departments. From the balance of Rs. 6 crores schemes for research, training, emporia, etc., which are to be implemented mostly by State Governments will be financed. In implementing village and small industries programmes the common procedure is for proposals of States to be scrutinized by the all-India Boards concerned before they are approved by the Central Government. Schemes relating to Khadi and village industries however, are in a separate category, since much of the initiative in proposing schemes comes from the All-India and State Khadi and Village Industries Boards and the schemes are carried out mainly by their registered or recognized institutions and by societies. The patterns of financial assistance which have been evolved over the past three or four years need to be reviewed in relation to programmes for the Second Five Year Plan.

Programmes of Development

Handloom: The programmes of production in the different branches of the textile industry — mill, power-looms, handlooms and Khadi — have not yet been finally determined for the period of the Second Five Year Plan,

as several aspects are still under consideration. It is, however, certain that in the next plan the handloom industry will be required to produce a much larger quantity of cloth than during the past year or two. According to the estimate of the Village and Small Scale Industries Committee, the additional quantity required to be produced on handlooms may be as much as 1,700 million yards by the end of the Second Five Year Plan. To achieve an increase in production of this order considerable organizational effort is needed. This would involve bringing into use idle handlooms, working for a larger number of days in the year and raising the output per loom. The development programme for the handloom industry provides mainly for measures of assistance to handlooms which are brought into the co-operative sector. Weavers in co-operative societies can be given much greater assistance than those working on their own. It is proposed to increase the number of handlooms in the co-operative field from 1 million to 1.45 millions. It is proposed also to introduce technical and other improvements thus raising the production per unit from about 4 yards to about 6 to 8 yards a day, the average to be achieved being 6 yards a day for about 300 days in the year. Loans will be advanced to weavers to enable them to join co-operatives and working capital will also be provided.

Decentralized Spinning : If adequate quantities of yarn of quality required by handlooms could be produced on a decentralized basis in village homes, the scope for rural employment would be considerably increased. The object of decentralized spinning on an extensive scale is mainly to provide the requirements of handlooms, which are otherwise dependent upon mill yarn. With this end in view, efforts and experiments have been made over several years to devise a technically sound and low-cost charkha which could produce suitable yarn in sufficient quantities for the

handlooms. Technical tests are in progress at present on the Ambar Charkha, a three-unit spinning set consisting of a carding machine, a drawing machine and a four-spindle spinning wheel costing in all about Rs 100. A pilot scheme which includes training centres, production centres and centres for the production of the Ambar Charkha has been launched by the Khadi and Village Industries Board. The pilot scheme, with about 6,000 spinning sets in over one hundred centres spread over the country, is now in its final stages. A further extension of the trial and experiment phase of the programme with about 10,000 additional spinning sets has also been approved. The technical as well as the economic aspects of the spinning set, including productivity, production costs, subsidies required and acceptability of the yarn for handlooms, are under examination by a Committee whose report is shortly expected.

Whereas some of the hand-spun yarn already being produced on the single-spindle charkhas of various types will undoubtedly be replaced as part of the normal Khadi expansion programme by yarn spun from the Ambar Charkha, the much larger programme for the use of Ambar Charkha and other multi-spindle charkhas to meet in a decentralized way the increasing cloth requirements of the country will be considered separately after the tests and enquiries mentioned above are completed. With this larger programme in view, a tentative programme has been prepared by the Khadi and Village Industries Board for the manufacture and introduction of 2.5 million multi-spindle charkhas over a period of five years, offering prospects of part-time and full-time employment to about five million persons.

Khadi (cotton and woollen): Cotton Khadi which has so far been woven from traditional charkha yarn will be produced in future in greater measure from Ambar

Charkha yarn. Traditional Khadi may, however, continue to be produced for consumption within the village or local area. The Khadi programme will be finalized at the same time as the other related aspects mentioned in the preceding paragraphs. Production of traditional Khadi is proposed to be raised from 34 million yards, including 5 million yards on self-sufficiency basis, to 60 million yards (including 20 million yards on self-sufficiency basis) in the course of the second plan at a total expenditure of about Rs. 21 crores, including working capital, but this programme may have to be revised so as to fit in with the Ambar Khadi programme.

The development programme for woollen Khadi (from hand-spun woollen yarn) aims at increasing the production of blanketing cloth from 250,000 yards in 1956-57 to 1 million yards in 1960-61, of sub-standard cloth from 500,000 yards to 1 million yards and of other varieties of cloth from 125,000 yards to 1.5 million yards. These targets are to be achieved by organizing production centres in the principal wool producing areas, by the establishment of finishing and dyeing plants and the setting up of training centres equipped with improved charkhas and looms.

Village Industries : The principal village industries to be developed during the second plan are hand-pounding of rice, vegetable oil, leather footwear and tanning, gur and *khandsari* and cottage match. Schemes for the development of other industries like hand-made paper, palm-gur, soap, bee-keeping and pottery will be undertaken on an extended scale and developmental effort will be extended to village pottery, fibre, bamboo etc.

Hand-pounding of rice : Problems of development of this industry have been recently reviewed by a Special Committee known as the Rice Milling Committee. The Village and

Small Scale Industries Committee also made recommendations regarding the programme for this industry. Taking these into consideration, it is proposed that all power driven rice mills should be licensed and that no new mills should be allowed to be set up nor expansion of capacity of the existing mills allowed, except where it is considered absolutely essential in the public interest in special circumstances. The question of elimination of hullers can be reviewed later in the light of employment situation. It is recommended that the existing subsidy paid at the average rate of 6 annas per maund of hand-pounded paddy should be continued and that hand-pounded rice produced by hand-pounding centres and certified by Khadi Board might be exempted from sales tax. The level of technical efficiency and output of the hand-pounding equipment will be raised by implementing schemes for manufacture and distribution of *chakki-dhenki* units, improved (Assam) *dhenkis* and winnowing fans. To ensure regular supply of hand-pounded rice to urban areas marketing depots will be established and steps will be taken to popularize the consumption of hand-pounded rice.

Vegetable oil (ghani) : Problems relating to this industry have also been reviewed recently by a special committee whose recommendations are expected to be available shortly. The development of the vegetable oil (Ghani) industry depends in part on the possibility of diverting larger supplies of edible oilseeds to Ghanis for crushing and on the possibilities of including oil mills to utilize greater quantities of cottonseed. The Karve Committee proposed that measures should be adopted for discouraging and, where necessary, regulating on a regional basis the crushing of sesamum, *niger* and *kardi* seeds by the mills. In view of the difficulty experienced by Ghani owners even when organized co-operatively to secure supplies of oilseeds in a highly competitive market, it will be necessary

to organize marketing arrangements with a view to ensuring requisite supplies of oilseeds from season to season. It has also been suggested that no new oil mills should be allowed to be set up except in areas where it is not possible to adopt alternative methods of crushing oilseeds and that the proceeds of a cess levied on existing mills should be utilized for improving the technical equipment and marketing facilities of the Ghani industry. It is also proposed that interest-free loans should be given to village oilmen so that they can become shareholders of co-operative societies. Conditions are stated to be favourable for making experiments with power-driven equipment in the village oil industry, provided such equipment can be operated by self-employed individuals on a decentralized basis and its introduction does not cause unemployment. The principal items in the programme of the Khadi Board for this industry during the second plan are the improvement of existing Ghanis, replacement of 50,000 of existing Ghanis by improved or Wardha Ghanis, and setting up of 400 production-cum-demonstration centres all over the country with two improved Ghanis each and a filter press. The Indian Central Oilseeds Committee which has also been assisting the development of village oil industry proposes to increase the number of demonstration units of Wardha Ghanis which it is setting up and running in community project areas.

Cottage Leather Footwear: The cottage leather footwear industry includes widely dispersed units situated all over the country and also concentrations of cottage units in a few urban centres like Agra, Calcutta and Bombay. It is proposed that the present policy of not allowing expansion of the capacity of large-scale units in this field should be continued during the second plan, so that a substantial part of the increased demand is met by small scale and cottage units. Large factories are to be encouraged to take

up as much production of producer leather goods as possible. It is also proposed that financial assistance should be extended by Government in the form of loans to workers to enable them to become shareholders of co-operative societies and also for purchasing improved equipment and for working capital. The Khadi Board's programme aims at assisting 35,000 cobblers who will be assured a regular supply of raw materials and sale of their output at reasonable prices.

Village Tanning Industry : The village tanneries are in a different situation from that of small-scale chrome tanneries situated mostly in the Calcutta area and vegetable tanneries in the Madras area. It is proposed that no expansion in the capacity of large tanneries should be allowed during the period of the plan so that a substantial portion of the increased demand during the second plan period is met by the products of small tanning units and tanneries. Development programmes for the industry will aim primarily at raising the present extremely low level of technical efficiency of the small tanner by providing common service facilities for improved tanning, finishing, etc., at well-equipped centres which will serve different areas. The general pattern of organization will be that, in addition to flaying centres and small tanneries in rural and urban areas, there will be one or two central tanneries in each area to provide finishing and other facilities in the interest of the smaller units. To enable small tanners to take advantage of these facilities it is proposed to organize them into co-operative societies. The Khadi Board's programme for the second plan period aims at setting up a large number of carcass recovery centres, tanning centres, glue manufacturing centres and training-cum-production and training-cum-demonstration centres. It also includes grant of loans to the tanners to enable them to improve their housing conditions.

Gur and Khandsari Industry: The development programme for the gur and *khandsari* industry will aim primarily at improving the level of technical efficiency through the introduction of better equipment and processes. As the present process of manufacture of *khandsari* involves some waste, efforts will be directed mainly to research and improvement of technique. The possibility of adopting the vacuum pan process on a decentralized basis for the manufacture of *khandsari* will be investigated. For the gur industry, efforts will be focussed on the technical side, on the introduction of power-driven crushers and the improvement of pans and furnaces and on the formation of gur producers' co-operatives with a view to dealing with the problems of improving the keeping capacity of gur, proper storages, packing and standardization of quality.

Cottage Match Industry: For some time past no expansion of the large 'A' class match factories has been permitted. This position will continue. The bulk of the production required for meeting the increased demand during the second plan period will come from the smaller 'B', 'C' and 'D' class factories. The Khadi Board's programme provides for the establishment of about 1000 'D' class factories with an output of 15 gross a day.

Other Village Industries: Among the other village industries those for which development programmes have been drawn up by the A.-I. K. & V. I. Board include bee-keeping, palm gur, paper, soap and pottery.

Bee-keeping will be assisted in a large number of villages and training will be given to fieldmen and apiarists. The number of model apiaries will be increased.

The development programme for the palm gur industry envisages the establishment of different types of production units to suit the varying skills of the tappers.

In addition, assistance will be extended to tappers in different areas. An important item of the development programme would be assistance to co-operative societies and federations of co-operatives in undertaking and encouraging additional lines of production such as manufacture of palm-gur, palm-leaf and other subsidiary products. According to the revised programme of the All-India Khadi and Village Industries Board the total development expenditure is expected to increase from Rs. 59 lakhs in 1956-57 to Rs. 86 lakhs in 1960-61, the total expenditure over the plan period being Rs. 5 crores.

The production of hand-made paper is proposed to be raised to 4400 tons by 1960-61 by setting up 80 factory units, 400 cottage units and 400 school units. For increasing soap production from non-edible oils, three different types of production centres, namely, oil production centres, oil-cum-soap production centres and composite production units in the intensive areas are proposed to be set up.

Improvements in the village pottery industry will be assisted through the provision of improved wheels, moulds for pipes and special tiles, etc., and improved furnaces. Assistance will also be extended to other traditional industries like rope-making and basket-making.

Intensive Areas Scheme and Marketing Scheme for Khadi and Village Industries: Among the general schemes of the All-India Khadi and Village Industries Board reference may be made to the intensive areas scheme. This scheme aims at the integrated economic development of selected contiguous areas with a population ranging between 20,000 and 30,000 with a view to developing village industries as an integral part of the rural economy. According to the revised programme of the Board, it is proposed to increase the number of

intensive areas from 35 in 1955-56 to 200 at the end of the second plan at a total cost of Rs. 2.77 crores. The Khadi and Village Industries Board proposes to set up a comprehensive marketing organization to assist village artisans in obtaining raw materials, tools of production and facilities for the sale of their products. It is proposed to have a three-tier organization consisting of regional marketing depots, special depots operating under each regional marketing depot and retail shops operating under the sub-depot. To co-ordinate the activities of the regional depots and to assist them with advice regarding the advance purchase of raw materials, tools of production, etc., it is proposed to set up a central marketing intelligence bureau attached to the central office of the Board.

Handicrafts : Handicrafts appeal to consumers principally through their distinctive and artistic designs. Recent efforts to develop this rich heritage have yielded encouraging results. During the second Five Year Plan it is proposed to undertake schemes for the improvement of designs and to organize regional designing centres. In addition, art schools will be assisted in setting up design development sections, and scholarships will be given to working artisans for training in improved craft designing. Assistance will also be given to technical research institutes to undertake specialized research in handicraft techniques. To enable artisans to use better techniques, improved equipment will be supplied. For improvement of marketing arrangements within the country, new emporia and sales depots as well as crafts museums are to be set up at a number of centres; mobile vans will be provided at places visited by tourists, stations, aerodromes, etc. Special attention is also being given to the introduction of the co-operative form of organization in the marketing of handicrafts. The export markets are also being developed through participation in international exhibitions and trade fairs, publicity, etc.

For the development of traditional and new crafts assistance is given to States on the advice of the Handicrafts Board. Training or training-cum-production centres are to be set up in the States for various crafts such as art metal work, toys, palmyra fibre, stone and marble carving, lacquer work, lace and embroidery, bamboo articles, carpets, fancy leather goods and glazed ceramic-ware. There are several schemes for the development of specific handicrafts, including horn, gold and silver-ware, ivory, *bidri*, wooden toys and cane and bamboo in Uttar Pradesh; artistic pottery, Malda Silpa and mat-weaving in West Bengal; lac bangles, *himroo*, carpets and druggets, silver filigree, coloured stones and *salimshahi appashahi* shoes in Hyderabad; leather toys, grass mat-weaving, brocade, ornamental brassware, and papier machines in Madhya Bharat; and other local handicrafts in the other States.

Industrial Estates: A provision of Rs. 10 crores has been made for setting up industrial estates in the Second Five Year Plan with a view to providing conditions favourable to working efficiency, maintenance of uniform standards in production and economic utilization of materials and equipment. The principal objective is to enable a number of small-scale units to have the advantage of common services and other facilities, such as a good site, electricity, water, gas, steam, compressed air, railway sidings, watch and ward, etc. Being located near one another, some units may be better able to use the goods and services of one another, so that they become inter-dependent and complementary to one another. Two types of industrial estates, large ones costing from Rs. 20 to 25 lakhs are expected to be established. It is proposed that the responsibility for construction and management should vest in the State Governments but that the Central Government should advance to State Governments the entire cost of the estates in the form of loans. State

Governments will run the estates through corporations or such other agencies as they may decide to set up. Sites in the estates will be sold outright to industrial units or given to them on hire-purchase terms. In some cases buildings will be erected on sites and let out on a rental or a rent-cum-purchase basis or, if necessary, sold outright. Six large industrial estates have already been approved for Rajkot, Delhi, Madras State, Travancore-Cochin and in the U. P. For the small industrial estates eight areas have been tentatively selected.

The Village and Small Scale Industries Committee expressed the view that industrial estates should be located in such a way that they do not encourage further concentration of population in large urban centres. In deciding the location of the estates, especially the smaller estates, this consideration should be kept in view so that preferably they are developed in or near towns of comparatively small size.

Sericulture : Sericulture has a high employment potential and provides supplementary occupation to large numbers of rural families. As silk fabrics have to compete in the market with other textiles, the stability and expansion of the industry can be ensured only by continuous effort to improve quality and reduce cost. Schemes for the improvement and development of both mulberry and non-mulberry silk have been in operation during the first plan period, but in all directions a larger effort is envisaged in the Second Five Year Plan. The bulk of the programme will be implemented in the States, Central schemes being confined to general co-ordination and all-India research centres. In regard to mulberry silk an important item in the development programme is the reduction in costs of mulberry leaf through substitution of existing mulberry with higher yielding grafts both in rainfed and in irrigated areas, evolving new varieties of mulberry of higher yield and

improvement in cultivation methods, manuring, etc. These and other measures for bringing about improvement in mulberry and cocoons will be supplemented by steps for the modernization of silk reeling, by encouraging the substitution of improved basins for country charkhas and by converting of improved basins for filatures into multi-end basins and introducing central cooking system and drawing chambers. Utilization of by-products in the spun silk industry is necessary for the service of the reeling industry and steps will be taken to rehabilitate and extend the spun silk industry. As an experimental measure co-operative societies for raising young worms of the first and second stages collective are to be established. Co-operative marketing and testing of cocoons, grading of cocoons and introduction of a system of payment of cocoon prices on actual yield will also be undertaken. Work in the conditioning houses at Calcutta and Bangalore and at the Berhampur station will be further developed. Two training institutes are to be established for training personnel for sericulture departments in the States

As regards non-mulberry silk the development programme provides for plantations as well as improvement of basic seed cocoon production for eri-muga and tassar. Organization of seed supply, improvement of spinning and reeling, marketing and training and research will be undertaken more or less on the same lines as for the mulberry silk industry.

Coir : The coir industry has two main branches, namely, manufacture of coir yarn from husk and the manufacture of coir goods, such as mats, mattings, carpets and rugs from coir yarn. The development programme for the second plan period will be directed mainly to the solution of the main problem of the industry, namely, to strengthen the position of the producers through the organization of co-operative societies. Thondu (husk) co-operative societies will be

Kh. V-5

organized for the collection of husks and their distribution to primary co-operative societies. Primary co-operative societies will be organized for retting, distribution of retted husk to members for the production of coir yarn and for the collection of yarn. Coir marketing societies will be organized for the sale of the yarn received from primary societies. An encouraging beginning with co-operative organization was made during first plan period but the programme envisaged for the second plan is on a much larger scale. Unions are also to be set up for exercising supervision and control over primary societies. Co-operatives are to be assisted by grants towards establishment expenses and by loans to meet their working capital requirements.

The development programme for the manufacture of coir goods is concerned chiefly with the reorganization of some of the small factories and individual manufacturers into mat and matting co-operative societies and the establishment of a central coir products marketing society. Experimental work on the mechanization of the processes of coir weaving will be continued and further developed ; and a central coir research institute and a pilot plant are proposed to be established. By opening show rooms and warehouses abroad and by sending trade delegations to foreign countries, the foreign market for coir and coir products is to be developed further.

II

NEW INDUSTRIAL POLICY

[Abridged from the Resolution of the Government of India, dated 30th April, 1956.]

In order to realize this * objective, it is essential to accelerate the rate of economic growth and to speed up industrialization and, in particular, to develop heavy industries and machine making industries, to expand the public sector, and to build up a large and growing co-operative sector. These provide the economic foundations for increasing opportunities for gainful employment and improving living standards and working conditions for the mass of the people. Equally, it is urgent to reduce disparities in income and wealth which exist today, to prevent private monopolies and the concentration of economic power in different fields in the hands of small numbers of individuals. Accordingly, the State will progressively assume a predominant and direct responsibility for setting up new industrial undertakings and for developing transport facilities. It will also undertake State trading on an increasing scale. At the same time, as any agency for planned national development, in the context of the country's expanding economy, the private sector will have the opportunity to develop and expand. The principle of co-operation should be applied wherever possible and a steadily increasing proportion of the activities of the private sector developed along co-operative lines.

The adoption of the socialist pattern of society as the national objective, as well as the need for planned and rapid development, require that all industries of basic and strategic importance, or in the nature of public utility services, should be in the public sector. Other industries which are essential and require investment on a scale which only the State, in present circumstances, could provide,

* The objective of the socialist pattern of society.

have also to be in the public sector. The State has therefore to assume direct responsibility for the future development of industries over a wider area. Nevertheless, there are limiting factors which make it necessary at this stage for the State to define the field in which it will undertake sole responsibility for further development, and to make a selection of industries in the development of which it will play a dominant role. After considering all aspects of the problem, in consultation with the Planning Commission, the Government of India have decided to classify industries into three categories, having regard to the part which the State would play in each of them. These categories will inevitably overlap to some extent and too great a rigidity might defeat the purpose in view. But the basic principles and objectives have always to be kept in view and the general directions hereafter referred to followed. It should also be remembered that it is always open to the State to undertake any type of industrial production.

In the first category will be industries the future development of which will be the exclusive responsibility of the State. The second category will consist of industries, which will be progressively State-owned and in which the State will therefore generally take the initiative in establishing new undertakings, but in which private enterprise will also be expected to supplement the effort of the State. The third category will include all the remaining industries, and their future development will, in general, be left to the initiative and enterprise of the private sector.

Industries in the first category have been listed in Schedule A of this Resolution. All new units in these industries, save, where their establishment in the private sector has already been approved, will be set up only by the State. This does not preclude the expansion of the existing privately owned units, or the possibility of the State securing the co-operation of private enterprise in the establishment

of new units when the national interests so require. Railways and air transport, arms and ammunition and atomic energy will, however, be developed as Central Government monopolies. Whenever co-operation with private enterprise is necessary, the State will ensure, either through majority participation in the capital or otherwise, that it has the requisite powers to guide the policy and control the operations of the undertaking.

Industries in the second category will be those listed in Schedule B. With a view to accelerating their future development, the State will increasingly establish new undertakings in these industries. At the same time private enterprise will also have the opportunity to develop in this field, either on its own or with State participation.

All the remaining industries will fall in the third category, and it is expected that their development will be undertaken ordinarily through the initiative and enterprise of the private sector, though it will be open to the State to start any industry even in this category. It will be the policy of the State to facilitate and encourage the development of these industries in the private sector, in accordance with the programmes formulated in successive Five Year Plans, by ensuring the development of transport, power and other services, and by appropriate fiscal and other measures. The State will continue to foster institutions to provide financial aid to these industries, and special assistance will be given to enterprises organized on co-operative lines for industrial and agricultural purposes. In suitable cases, the State may also grant financial assistance to the private sector. Such assistance, especially when the amount involved is substantial, will preferably be in the form of participation in equity capital, though it may also be in part in the form of debenture capital.

Industrial undertakings in the private sector have necessarily to fit into the framework of the social and economic

policy of the State and will be subject to control and regulation in terms of the Industries (Development and Regulation) Act and other relevant legislation. The Government of India, however, recognize that it would, in general, be desirable to allow such undertakings to develop with as much freedom as possible, consistent with the targets and objectives of the national plan. When there exist in the same industry both privately and publicly owned units, it would continue to be the policy of the State to give fair and non-discriminatory treatment to both of them.

The division of industries into separate categories does not imply that they are being placed in water-tight compartments. Inevitably, there will not only be an area of overlapping but also a great deal of dovetailing between industries in the private and the public sectors. It will be open to the State to start any industry not included in Schedule A and Schedule B when the needs of planning so require or there are other important reasons for it. In appropriate cases, privately owned units may be permitted to produce an item falling within Schedule A for meeting their own requirements or as by-products. There will be ordinarily no bar to small privately owned units undertaking production, such as the making of launches and other light-craft, generation of power for local needs and small scale mining. Further, heavy industries in the public sector may obtain some of their requirements of lighter components from the private sector, while the private sector in turn would rely for many of its needs on the public sector. The same principle would apply with even greater force to the relationship between large-scale and small-scale industries.

The Government of India would, in this context, stress the role of cottage and village and small-scale industries in the development of the national economy. In relation to some

of the problems that need urgent solutions, they offer some distinct advantages. They provide immediate large-scale employment; they offer a method of ensuring a more equitable distribution of the national income and they facilitate an effective mobilization of resources of capital and skill which might otherwise remain unutilized. Some of the problems that unplanned urbanization tends to create will be avoided by the establishment of small centres of industrial production all over the country.

The State has been following a policy of supporting cottage and village and small-scale industries by restricting the volume of production in the large scale sector, by differential taxation, or by direct subsidies. While such measures will continue to be taken, whenever necessary, the aim of the State policy will be to ensure that the decentralized sector acquires sufficient vitality to be self-supporting and its development is integrated with that of large-scale industry. The State will, therefore, concentrate on measures designed to improve the competitive strength of the small scale producer. For this it is essential that the technique of production should be constantly improved and modernized, the pace of transformation being regulated so as to avoid, as far as possible, technological unemployment. Lack of technical and financial assistance, of suitable working accommodation and inadequacy of facilities for repair and maintenance are among the serious handicaps of small scale producers. A start has been made with the establishment of industrial estates and rural community workshops to make good these deficiencies. The extension of rural electrification and the availability of power at prices which the workers can afford will also be of considerable help. Many of the activities relating to small scale production will be greatly helped by the organization of industrial co-operatives. Such co-operatives should be encouraged in every way and the State should give constant attention to the development of cottage and village and small scale industry.

In order that industrialization may benefit the economy of the country as a whole, it is important that disparities in levels of development between different regions should be progressively reduced. The lack of industries in different parts of the country is very often determined by factors such as the availability of the necessary raw materials or other natural resources. A concentration of industries in certain areas has also been due to the ready availability of power, water supply and transport facilities which have been developed there. It is one of the aims of national planning to ensure that these facilities are steadily made available to areas which are at present lagging behind industrially or where there is greater need for providing opportunities for employment, provided the location is otherwise suitable. Only by securing a balanced and co-ordinated development of the industrial and the agricultural economy in each region, can the entire country attain higher standards of living.

This programme of industrial development will make large demands on the country's resources of technical and managerial personnel. To meet these rapidly growing needs for the expansion of the public sector and for the development of village and small-scale industries, proper managerial and technical cadres in the public services are being established. Steps are also being taken to meet shortages at supervisory levels, to organize apprenticeship schemes of training on a large scale both in public and in private enterprises, and to extend training facilities in business management in universities and other institutions.

It is necessary that proper amenities and incentives should be provided for all those engaged in industry. The living and working conditions of workers should be improved and their standard of efficiency raised. The maintenance of industrial peace is one of the prime requisites of industrial progress. In a socialist democracy labour is a

partner in the common task of development and should participate in it with enthusiasm. Some laws governing industrial relations have been enacted and a broad common approach has developed with the growing recognition of the obligations of both management and labour. There should be joint consultation and workers and technicians should, wherever possible, be associated progressively in management. Enterprises in the public sector have to set an example in this respect.

With the growing participation of the State in industry and trade, the manner in which these activities should be conducted and managed assumes considerable importance. Speedy decisions and a willingness to assume responsibility are essential if these enterprises are to succeed. For this, wherever possible, there should be decentralization of authority and their management should be along business lines. It is to be expected that public enterprises will augment the revenues of the State and provide resources for further development in fresh fields. But such enterprises may sometimes incur losses. Public enterprises have to be judged by their total results and in their working they should have the largest possible measure of freedom.

Schedule A

1. Arms and ammunition and allied items of defence equipment.
2. Atomic energy.
3. Iron and steel.
4. Heavy castings and forgings of iron and steel.
5. Heavy plant and machinery required for iron and steel production, for mining, for machine tool manufacture and for such other basic industries as may be specified by the Central Government.

6. Heavy electrical plant including large hydraulic and steam turbines.
7. Coal and lignite.
8. Mineral oils.
9. Mining of iron ore, manganese ore, chrome ore, gypsum, sulphur, gold and diamond.
10. Mining and processing of copper, lead, zinc, tin, molybdenum and wolfram.
11. Minerals specified in the Schedule to the Atomic Energy (Control of Production and Use) Order, 1953.
12. Aircraft.
13. Air transport.
14. Railway transport.
15. Shipbuilding.
16. Telephones and telephone cables, telegraph and wireless apparatus (excluding radio receiving sets).
17. Generation and distribution of electricity.

Schedule B

1. All other minerals except "minor minerals" as defined in Section 3 of the Minerals Concession Rules, 1949.
2. Aluminium and other non-ferrous metals not included in Schedule A.
3. Machine tools.
4. Ferro-alloys and tool steels.
5. Basic and intermediate products required by chemical industries such as the manufacture of drugs, dyestuffs and plastics.
6. Antibiotics and other essential drugs.
7. Fertilizers.
8. Synthetic rubber.
9. Carbonization of coal.
10. Chemical pulp.
11. Road transport.
12. Sea transport.

III

STATEMENT ON THE COTTON TEXTILE POLICY

[Statement by the Minister for Consumer Industries regarding the Cotton Textile Policy of the Government of India in Lok Sabha on 20-7-1956.]

The Cotton Textile Policy of the Government of India as recently framed is as follows :

The per capita consumption under the Second Five Year Plan has been tentatively assumed at 18.5 yards. Provision has been made to maintain the level of exports at about 1,000 million yards per year. The total requirement on this basis will be 8,400 million yards. The present total output from all the three sectors is about 6,700 million yards, thus leaving a gap of 1,700 million yards to be filled.

Of the required additional quantity 350 million yards have been earmarked for the mill industry to be produced through the installation of additional automatic looms and it is intended that this additional yardage of cloth of good quality should go into the export trade.

Exports of mill made cloth in 1955 were only 692.7 million yards as against 809.8 million yards in 1954. In order to achieve the export target it is necessary to allow expansion in the mill sector and ensure the quality of such production. It is proposed to check any large inflow of such cloth mainly intended for exports from going into the internal consumption by the levy of a penal excise duty at appropriate rates.

The handloom industry has been allotted 1,000 million yards; 700 million yards from mill yarn and 300 million yards from Ambar Charkha yarn.

A further 200 million yards have been allotted for production from powerlooms to be introduced in the handloom sector.

The total allocations will, therefore, for the present be 1,550 million yards. The balance of 150 million yards is left-over and its allocation will be decided later.

The allocations have been made only after a full consideration of the employment aspect. The introduction of powerlooms to produce 200 million yards is to be as far as possible confined to the handloom weaver who wants a change and besides is only with reference to the *additional* demand for cloth in the country.

The existing production of handlooms is about 1,500 million yards of cloth. Under this scheme out of the additional demand of 1,700 million yards another 1,000 million yards have been reserved for production by the handloom industry making thus a total of 2,500 million yards in all.

It has been stated that there are 2.8 million handlooms in the country and after making allowance for idle handlooms, the balance of 2.2 million handlooms can produce 4,000 million yards at the rate of 6 yards per loom per day. The figure of 2.8 millions was collected in 1951 at a time when there was an acute shortage of yarn and the numbers were inflated in order to secure additional yarn supplies. The Textile Enquiry Committee (the Kanungo Committee) after carrying sample surveys assessed the number of active commercial looms at only 1.24 millions. Except in one or two places the Committee also found that the actual handloom weaver is a whole-time weaver by occupation. Their finding has been borne out in the Census Report for 1951 where the number of full-time handloom weavers has been calculated at 1.28 millions. In order to produce 2500 million yards of cloth which has been reserved for the Handloom Industry, it would require

nearly 1.4 million handlooms working full-time for 300 days a year at the rate of 6 yards a day per loom. It would be apparent, therefore, that there need be no fear of any unemployment.

The essential feature of the policy is that it is the existing handloom weavers working in the co-operative structure who would be assisted to the change-over to power. This change-over is an inevitable stage in the improvement of production techniques in order to enable the handloom weaver to improve his earnings, and raise his standard of living. At the same time, this change-over would be so regulated that it would be in relation to the additional demand for cloth, and only after care has been taken to see that full employment has been provided to existing handloom weavers.

The recommendations made by the Textile Enquiry Committee (the Kanungo Committee) and the relevant factors were fully taken into account by the Government before arriving at these decisions.

IV

A TRAGIC ERROR IN ECONOMIC THOUGHT

In the course of a talk about small-scale village industries and their place in the new Five Year Plan, an economist friend of high repute said that it must not be forgotten that these industries were to find their place in a plan which has heavy industries as its chief objective. The point under discussion was, in what sense are the village industries described as an *integral* part of the Second Five Year Plan? The plan-frame puts down this point in the following terms :

"The basic strategy in the second plan must, therefore, be to invest large sums in the development of basic

WHY KHADI & VILLAGE INDUSTRIES ?

tries, transport and mining at one end and to economize as much as possible in the capital requirements for other sectors without restricting the supply of consumer goods. This strategy requires all-out efforts for the maximum utilization of capacity in existing industries and for the development of additional production in the capital-light or small-scale sector of industries. Since a large part of the additional demand for consumer goods would be directed against food, attention must be paid to the adoption of schemes which would increase productivity in agriculture quickly and at less capital cost."

Thus the planners have recognized the chief and unique merit of small-scale village industries, viz., that they are capital-light and can give the nation a huge amount of consumer goods immediately, here and now.

However, the most material point that the planners forgot to note about them is that these industries possess also a huge employment-potential and a very welcome virtue of securing equitable distribution of purchasing power. Further they aim to better the conditions of that part of our people who need to be first attended to.

This attribute of small-scale industries is very important. We wish to plan for a socialistic pattern of society. The first essential to do it is to make the whole of our people work, and work immediately, here and now. Not only the idle and the un- or under- employed must work, but also those who live on unearned income which it is possible to have in a capitalistic or property-minded economy, — all must be made to work.

In our country, poor and backward as it is in terms of western economic ideas, the evil of unearned income is comparatively less than the colossal amount of idleness, forced unemployment and underemployment. To remove

the latter, therefore, has to be made the immediate target for any planning; more so if the aim is to have a socialistic pattern of society with social justice as its chief objective.

Therefore, to interpret that the real nature of the Five Year Plan is to have heavy industries and consequent industrialism in India would not be right, though it might be conceded that the plan provides for some so-called heavy industries in its programme. But if we look at the larger and broader aims and objects of a plan for India, we must admit that these heavy industries — though arrogating to themselves an unproportionately large and exorbitant amount of our capital resources and attention, — do not serve these aims; they can be and are served by the basic national industries of our people, viz., the small-scale village industries that can produce a very huge amount of consumer goods. I may explain my point in another way.

The graph of real prosperity in India, speaking in mathematical terms, has two co-ordinates, the axis of x being agriculture and cattle breeding and the axis of y being the small-scale village industries together with a sprinkling of a few so-called heavy or key industries which, by their very nature, require a different economic technique. Our misfortune during the last few centuries has been that the axis of y which gives real height and crescendo to the curve of the nation's prosperity is almost forgotten and an attempt is in vain being made to put a few capital-intensive and employment-poor industries in the place of our massive village industries. We must beware of persisting in this mistake in Free India.

This mistake again lands our economic thought in a tragic error of looking upon agriculture and industry as two separate compartmental economic pursuits, thus vitiating both of them from the point of view of the real social objective of justice and equality. As we saw above,

they are integral parts of a common economic system. Agriculture alone becomes a poor economy, unless it is also industrialized by making the holding very large which is prohibitive and impossible in our land.

Industry alone, allied with capital and the machine, becomes a centralist agent of unemployment creating and exploiting economy, driving the unemployed hordes of the nation to land which grows still more scarce and overburdened with such pressure and is thus rendered the poorer as an economy.

This unholy dichotomy of industrialism and agriculture, brought about by western industrial revolution and its dire results on the people who are not colonial nor imperialist — which we in India are — require to be fully noted by us if we wish to institute in India a truly free, happy and equalitarian social order. The school of thought speaking under the slogan of a socialistic pattern of society does not seem to note this important point, which is basic to the Sarvodaya school of economic thought. The economists also, trained as most of them are in the western economic systems which are colonial and capitalistic, aggressive and competitive, err similarly when they say that the Indian Five Year Plan is aimed to have heavy industrialism here. The next plan must boldly remove this confusion and clear this point if our future progress and development are to be put on sound economic and peaceful lines, assuring peace and prosperity to all, which is Sarvodaya.

Harijan, 27-8-'55

Maganbhai P. Desai

INDIA'S PATTERN OF INDUSTRIALIZATION

The Prime Minister took an opportunity of speaking about India's policy of industrialization while opening the Government railway coach factory at Perambur, Madras. As it was the Gandhi Jayanti day, he naturally referred to Gandhiji and his ideas on small-scale and village industries vis-a-vis the big ventures that the State in India has been undertaking these years under its Five Year Plans. Emphasizing upon self-reliance as the key-note of our industrial progress, he said that "there could be no real progress in India's industrialization till they were able to manufacture all the machines required for the purpose. 'So long as we have to rely upon other countries for the wherewithal, we are dependent.'"

Surely, self-reliance is the veritable law of growth of real freedom and independence both in individual and corporate life. As we know, this had been the very basis of Gandhiji's way adopted by our people under his leadership. Gandhiji said this not for the State only. His emphasis was that the people also would not be really free and progressive if they depended for their bare necessities of life, even on their own Government or the State. The nature of India's progress in industrialization must be, therefore, governed by this prime law of real freedom.

Applying this law to the affairs of the State, for which the Prime Minister is obviously responsible, he particularly referred to our defence industries and their needs and said that India might have an army, a navy and an air force; but if they had to import the machines required for her development, then they were dependent; and he added that it was therefore far better to have second-rate machines manufactured in the country than the first-rate ones coming from abroad.

Such a spirit of Swadeshi Dharma based on a robust

sense of self-reliance and freedom was surely the message that Gandhiji gave to us. With the advent of Swaraj or political independence, our Prime Minister is busy translating it into the domain of State industries, or what is called the public sector. This is really speaking the State or the Government sector. It is intended to mind such ventures like the Air India Corporation, the Railways, Iron and Steel, etc. Verily, it is in the nature of things that the State cannot touch or take up the massive ventures of the people, like agriculture and the vast field of village and home industries that cater to their needs of consumer or household goods. These are what constitute the so-called private sector, in the sense that they are all non-Governmental or non-official ventures. However, it would be a huge mistake and economic or industrial blindness to ignore them or dub them as private. These are rather the real national industries on which the nation lives and thrives. When Gandhiji emphasized them, he had this aspect of the case in mind. The aspect cannot be set aside and it is good that our planners and the Government are coming to realize it.

The Prime Minister is apparently enamoured of great factories and big industrial ventures and atomic energy etc. But it would be a mistake if we naively believe that he does not know the role of Khadi and village industries in the nation's industrialization programme. We rather know that he would have a place for them in the next F. Y. Plan. As he said, "For the functioning of a great movement in India and as the leader of the great struggle against a mighty empire, Gandhiji laid stress on village industries. Curiously enough, those who were sceptical of him then, now stood for development of village industries."

Therefore in his address he pleaded for a co-ordinated development of our industries which he classified into three categories — the heavy, the medium and the small-scale. It is worthwhile to note that this classification is based on the size of money and material handled or needed

by the industries as against the number of men they may employ. It also connotes a kind of their relationship and interdependence, wherein the heavy ones almost dominate and set the rule of economy and finance. The idea is born of a capitalistic economy of the imperial West, and may be, therefore, misleading in India's peculiar conditions. As the Prime Minister very vividly said, "Everything has ultimately to be judged in terms of the human welfare—in terms of the welfare of the millions of our country."

The pattern of industrialization that we may devise for our country must, therefore, primarily move these millions of men—their minds and hands. We want a programme which may set their minds on the move, as against the mere move of machines to the neglect of millions of men. It would, therefore, be better to classify our industries according to this idea and give them importance in a like manner. Then we shall see that we have three kinds of industries—those owned by the State and managed as public utilities, those owned by private capitalists and industrialists and managed for their profit, and those owned by the people at large as innumerable decentralized units and conducted for the upkeep of the common life of our people. The last class of industries requires to be energized and encouraged by technical skill, educational and financial facilities and research, and various such other things which are today almost exclusively going in favour of the former two. Gandhiji, the leader of the simple common man that he was, stood for his dignity, self-respect and freedom, and therefore emphasized the need of his simple industries and giving all aid to them to develop, which science and the modern technique of economic and financial organization can give. We in India stand to evolve such a pattern of co-ordinated industrialization in which no money and machine, but man is pre-eminent.

APPENDIX I

Distribution of First and Second Plan outlay by major heads of development

(1)	First Year	Five Plan	Second Year	Five Plan
	Total Provision (Rs. crores)	Per cent.	Total provision (Rs. crores)	Per cent.
(1)	(2)	(3)	(4)	(5)
I Agriculture and Community Development.	357	15.1	568	11.8
(a) Agriculture	241	10.2	341	7.1
Agricultural Programmes	197	8.3	170	3.5
Animal Husbandry	22	1.0	56	1.1
Forests	10	0.4	47	1.0
Fisheries	4	0.2	12	0.3
Co-operation	7	0.3	47	1.0
Miscellaneous	1	...	9	0.2
(b) National Extension and Community Projects	90	3.8	200	4.1
(c) Other Programmes	26	1.1	27	0.6
Village Panchayats	11	0.5	12	0.3
Local Development Works	15	0.6	15	0.3
II Irrigation and Power.	661	28.1	913	19.0
Irrigation	384	16.3	381	7.9
Power	260	11.1	427	8.9
Flood control and other projects, investigations etc.	17	0.7	105	2.2

III Industry and Mining.	179	7.6	890	18.5
Large and Medium Industries	148	6.3	617	12.9
Mineral development	1	...	73	1.5
Village & Small Industries	30	1.3	200	4.1
IV Transport and Communications.	557	23.6	1,385	28.9
Railways	268	11.4	900	18.8
Roads	130	5.5	246	5.1
Road Transport	12	0.5	17	0.4
Ports & Harbours	34	1.4	45	0.9
Shipping	26	1.1	48	1.0
Inland Water Transport	...	...	3	0.1
Civil Air Transport	24	1.0	43	0.9
Other Transport	3	0.1	7	0.1
Posts & Telegraphs	50	2.2	63	1.3
Other Communications	5	0.2	4	0.1
Broadcasting	5	0.2	9	0.2
V Social Services.	533	22.6	945	19.7
Education	164	7.0	307	6.4
Health	140	5.9	274	5.7
Housing	49	2.1	120	2.5
Welfare of backward classes	32	1.3	91	1.9
Social welfare	5	0.2	29	0.6
Labour and labour welfare	7	0.3	29	0.6
Rehabilitation	136	5.8	90	1.9
Special schemes relating to educated unemployment.	...	...	5	0.1
VI Miscellaneous.	69	3.0	99	2.1
Total ...	2,356	100.0	4,800	100.0

Investment of Govt. Capital	1,500	Crores	3,800	Crores
Current Expenditure	856	„	1,000	„
Contribution by Central Govt.	899	„	2,559	„
„ „ States	1,457	„	2,241	„
Investment by private enterprise	1,500	„	2,400	„
Total yearly National Income at the end of the Plan	10,800	„	13,480	„
Population	38.4	„	40.8	„
Average yearly National Income per head	281	Rs.	331	Rs.

APPENDIX II

Employment Aspect of the Plan

New entrants to the labour force during the next five years have been estimated at 10 millions. Deducting from this number the estimated 3.8 million entrants into the urban labour force, new entrants to the rural labour force in 1956-61 may be about 6.2 millions. The following table shows the number of job opportunities which may have to be created if unemployment is to be eradicated during the second plan period :

TABLE I

	(Figures in millions)		
	In urban areas	In rural areas	Total
For new entrants to labour force	3.8	6.2	10.0
For backlog of unemployed.	2.5	2.8	5.3
	<u>6.3</u>	<u>9.0</u>	<u>15.3</u>

TABLE II

[Estimated additional Employment in the Second Plan
according to the Plan of the Planning Commission]

				(Figures in lakhs)
Construction	...	...	...	21.00
Irrigation & Power	...	...	...	0.51
Railways	...	...	...	2.53
Other Transport & Communications			...	1.80
Industries & Minerals	...		...	7.50
Cottage & Small Scale Industries			...	4.50
Forestry, Fisheries, N.E.S. and allied schemes				4.13
Education	...	...	...	3.10
Health	...	...	...	1.16
Other Social Services		...	...	1.42
Government Services		...	...	4.34
Total ...				51.99
Plus 'others' including trade and commerce @ 52% of total	...		...	27.04
Grand Total ...				79.03
or say				80 lakhs

TABLE III

[Estimated additional Employment according to the Plan
of the All India Khadi & Village Industries Board
excluding Small-scale Industries]

		(In thousands)
Ambar Charkha Cloth	...	4690.0
Yeravda Charkha Cloth	...	42.0
Woollen Cloth	...	35.3
Hand-pounding	...	2620.0
Ghani	...	200.0
Gur-Khandsari	...	732.0
Leather work	...	38.3
Match-box	...	15.0
Soap	...	35.5
Hand-made paper	...	12.0
Tad-Gur	...	266.0
Bee-keeping	...	3.9
Pottery	...	1.6

Total ... 8691.6

(Approximately 87 lakhs)

